

MARCH 1977

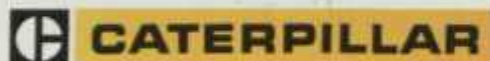
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American Business knows all and sees all about slick ways to make money. It specializes in digging up *investment news scoops*. We scour the nation for signs of incipient business trends, newly-struck bonanzas and chances to make a bundle.

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In short, *American Business* is a fast-clicking financial Geiger counter that puts you onto every source of potential wealth. It gives you a reading on every investment ploy, business proposition and financial gambit that's hot.

Mind you, *American Business* is not an investment advisory service and does not purport to be. It is a journalistic enterprise, like the periodicals mentioned at the beginning of this announcement.

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Nation's Business

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Social Security Taxes for Government Workers?

WHEN the Social Security payroll tax was first levied 40 years ago, no one paid more than \$30 a year.

Largely as a result of congressional actions expanding the Social Security system and its benefits over the years, the maximum tax for 1977 is \$965.

Members of Congress determine how much workers and employers must pay in Social Security taxes, but they exempt themselves from those same taxes. Of the 2.8 million civilian employees of the federal government, 2.5 million contribute nothing to Social Security.

They are covered by their own pension plans.

Thirty percent of all employees of state and local governments—3.7 million people—are similarly outside Social Security, and many more state

and local employees are scheduled to join them.

Under the law, state and local governments may withdraw employees from the Social Security system on two years' notice. Since 1973 such withdrawal notices have been running at the rate of nearly 170,000 a year. In the prior 15 years the annual average was 2,000.

The sharply increased rate of planned withdrawals has added a new threat of fund shortages to a Social Security system already in serious financial trouble.

Proposals have been made in Congress to bring all federal, state, and local government employees under the same mandatory coverage that applies to the private sector, while maintaining these employees' existing pension plans.

It is undemocratic to exempt gov-

ernment employees from a tax burden imposed on private individuals and companies, advocates of such legislation say. They also say that bringing all government employees under Social Security would help resolve looming public-employee pension financing problems, because Social Security benefits would reduce the government workers' other pension payments to some degree.

On the other hand, those opposed to required Social Security coverage for all government employees point out that many nonfederal government units which have dropped out of the system have done so in response to taxpayer insistence on economizing.

Should mandatory Social Security coverage and taxes apply to all government employees? What do you think?

PLEASE CLIP THIS FORM FOR YOUR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N. W.
Washington, D. C. 20062

Require Social Security coverage for all government workers? ☐ Yes ☐ No

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A Yes for Permitting Weekend Voting

SHOULD we have weekend voting in presidential elections?

In January's "Sound Off to the Editor," NATION'S BUSINESS asked readers for their opinions on that question. By a margin of three to two, respondents vote yes.

The background behind the question is familiar to most Americans: The percentage of voter participation in presidential elections has been in a long-term decline. The percentage

in our power to increase the number of people voting if we are to maintain a true democracy."

Many cite the inconvenience of voting on a weekday, recounting tales of woe about having waited hours in line on either their own or their company's time. William W. Adams, general sales manager, residential ceilings, Armstrong Cork Co., Lancaster, Pa., says: "Let's not moralize about whether working men and women should care enough about their government to rearrange their workday schedules to allow time for voting. Let's make voting as easy and convenient as possible."

Some sound off about employers' loss of money and production time because of weekday voting, others about employees' loss of pay when they use working time to vote.

Pearlie B. Scott, secretary-treasurer of Scott Sales Co., Inc., Nashville, feels this way: "Companies should not have to bear the responsibility of either letting employees off to vote or causing them not to be able to vote."

"A big plus for weekend voting," says George E. Lucid, controller and assistant secretary of the Indus

point to the absentee ballot as an alternative for people who are out of town on election day.

Several of those against weekend voting argue that such a procedure would not increase turnout at the polls. Bob Dawson, general manager of the dairy and services division of Borden, Inc., Little Rock, says: "If people will not vote on their employer's time, they will not vote on their own time." Melvin L. Spencer,



"My own company would like weekend voting," says Earl T. Kelly, president of Globe Disposal Co., Inc., Skippack, Pa. "We are in a service business and are usually too busy to give anyone time off."

was only 54 percent in 1976. A hundred years earlier it was 81.8 percent.

One suggestion for reversing the trend is to hold the balloting on Saturday, Sunday, or both, instead of on a Tuesday as now specified by federal law. Weekend voting is common in Western European countries, where a far higher percentage of citizens goes to the polls than in the U.S.

Most respondents agree that weekend voting would increase voter turnout or at least should be given a chance to do so.

For example, Martha S. Sheeran, corporate literature manager for Nationwide Insurance, Columbus, Ohio, says: "Any change in voting procedure that could possibly raise the percentage of persons voting is worth a try." She adds: "As a business person, I would welcome the opportunity to vote on a weekend. Time is precious to me."

John S. Macpherson, vice president of materiel for Zenith Radio Corp., Glenview, Ill., expresses the feeling that "we must do everything



Jerry P. Sims, owner of the Snelling and Snelling branch in Mesquite, Texas, opposes weekend voting. "It doesn't matter when an election is held," he says. "People who care will get to the polls."

Wheel Co. division of Carlisle Corp., Indianapolis, "would be the increased number of people available to participate in the voting process as political or election workers."

Respondents opposed to weekend voting generally voice the belief that concerned citizens will find a way to vote whatever the day. And some



W. T. Bailey, manager of industrial engineering for Uniroyal, Inc., in Mishawaka, Ind., favors weekend voting. He suggests: "It could be tried in local elections and expanded if found to increase participation."

president of Airtex Products, Fairfield, Ill., says: "I feel fewer people would vote."

M. J. O'Shaughnessy, sales manager for Burlington Northern, Inc., in Lewiston, Idaho, does not want to see weekend voting. He feels that apathy is only one of the causes of the declining percentage. Two other causes, in his view, are "a growing mistrust in politicians—aided by Watergate—and the feeling that individual voting in a presidential election is only a formality." His suggestion: "Abolishing the antiquated Electoral College and using the popular vote will increase voter interest."

A common objection is that weekend voting would violate the Sabbath, since both Saturday and Sunday are days of worship for different religions. John W. Asma, vice president and treasurer of Continental Linen Services, Kalamazoo Laundry Co., Kalamazoo, Mich., comments: "In these times we should all do our share in promoting weekends for the worship of our Creator and for the strengthening of our family ties." □

If you don't think of communications when you have a business problem, you may have more problems than you realize.

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The Value of a Stint in Government Service

Working for the federal government can be a big boost to a businessman's career. Young executives especially should be alert to opportunities in Washington.

That's the view of a businessman who has just completed three years of service in high federal posts.

"Involvement in government is a challenge which management should consider more often," says Allen E. Parmenter. "Federal service can be an important part of a business career plan."

Government administration, Mr. Parmenter points out, offers experience that an executive cannot easily obtain elsewhere.

Mr. Parmenter is president of Par-

menter Associates, Inc., a New York-based management consulting firm. He was executive director of the President's Commission on Personnel Interchange when he left Washington to start his own company.

"In a Washington bureau or an agency," Mr. Parmenter says, "an executive may have the opportunity to oversee a large staff, help draw up substantial budgets, or engage in significant long-range planning."

"Also, he may be in a position to make decisions that have an impact on the entire nation or its major goals."

"Opportunities of this scale are rare in business."

An executive's chances of switch-

ing to federal service are sometimes best when a new administration takes office.

"The President himself," Mr. Parmenter says, "is responsible for about 550 full-time executive appointments that require Senate confirmation. Another 3,000 jobs are at the disposal of the President and cabinet officers."

Although most of these positions are filled early in a new presidential term, there is, as Mr. Parmenter notes, "a fairly constant turnover in top federal jobs not filled by career employees."

The business executive who spends some part of his career in government can benefit the government as well as himself, Mr. Parmenter says.

"Many businessmen assume that government is a behemoth which defies logic and can be neither conquered nor controlled," he says.

"This is not true."

"Outstanding managers with patience, knowledge, and dedication are able to effect worthwhile change."

Consumer Protection Hits Foreign Products

The impact of the federal Consumer Product Safety Commission doesn't stop at the water's edge.

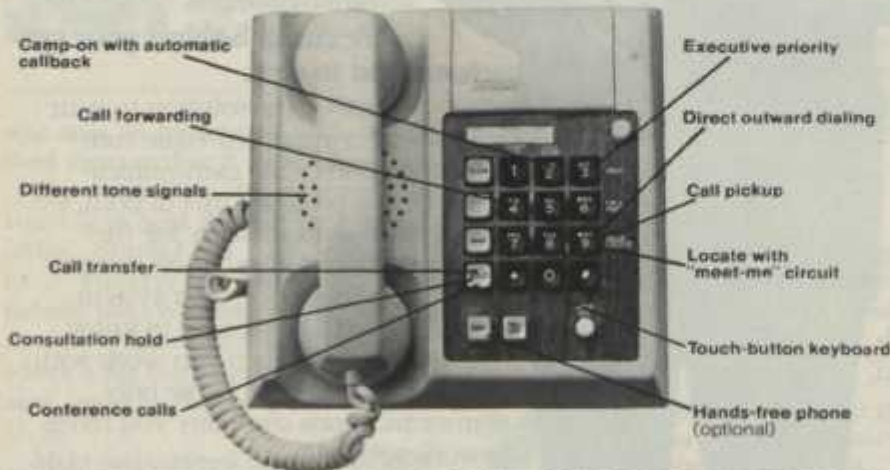
Consumer Product Safety Commission regulations apply to imports as well as to products made in the U. S. A. And the commission warns firms overseas not to forget that.

"The commission plans to increase our attention to consumer products imported into the United States," Chairman S. John Byington says.

When the Consumer Product Safety Act was enacted, Congress imposed a ban on importing any consumer products that fail to meet the commission's standards.

Last year the United States imported \$96.9 billion worth of goods made abroad. Of that total, \$13.7 billion were nonautomotive consumer goods and \$11.7 billion were automotive vehicles, parts, and engines.

Nearly \$11.4 billion worth of U. S.



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The Consumer Product Safety Commission's edicts carry a lot of weight in Japan.

This spring Japanese businessmen will be briefed on the agency's rules and regulations. The first international conference on the U. S. consumer product safety law will be held March 28-29 in Tokyo.

The get-together, sponsored by the Washington-based "Product Safety Letter," is endorsed by the U. S. Embassy in Tokyo.

"The sessions should help increase overseas companies' compliance with commission regulations," says Chairman Byington.

Are Parents Responsible for Bad Image of Business?

Uninformed parents and misleading reports in the media may share the blame for the bad image of business among students. A survey in Indiana revealed that American business was perceived by typical high school students in the following terms:

- Manufacturers' profits after taxes average 30 to 50 percent.
- Businessmen worry too much about making a profit.
- The man who owns a company gets too big a share of what the firm makes, compared to the workers' share.
- The government should regulate prices.
- Business isn't sufficiently concerned about social responsibility.
- Industry hasn't enough interest in protecting the environment.
- Labor unions are "very necessary" to protect the workingman.

The students approved these answers by a margin of two to one up to a margin of eight out of ten.

"The students are a cross section of American society in terms of family income and racial and ethnic composition," says Dr. C. Peter Bankart, assistant professor at Wabash College, Crawfordsville, Ind.

Over a four-year period, the students were invited to spend a few days on the campus talking with businessmen about how the private enterprise system works. After those sessions students had a more accu-

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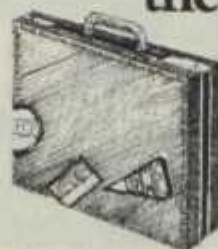
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rate view of the way businessmen operate and what their profits are.

More sessions will be held for additional students this summer. The program is sponsored by the Indianapolis Chamber of Commerce and Wabash College.

Where did the misinformation come from in the first place?

"Probably from uninformed parents and the media," Prof. Bankart says. "In addition, students who concentrate on business courses in high school take typing, accounting, and bookkeeping, but never learn what a profit is."

In short, he says, the American business story must be told to high school students.

Many students are learning the business story thanks to a kit, "Economics for Young Americans," designed by the Chamber of Commerce of the United States to increase economic literacy at the high school level. For details, see page 30.

Kits are available from Economics for Young Americans, Chamber of Commerce of the United States, 1615 H Street N. W., Washington, D. C. 20062. Price: \$35 each.

Where to Find a Consultant

If you need a management consultant, a new book will help you find the right one.

"Directory of Management Consultants" gives the names, addresses, and special skills of 433 consulting firms. The firms, listed alphabetically, are indexed by geographic location, services offered, and the major industries each firm serves.

Included are larger companies, some with staffs of more than 100 professionals, as well as smaller firms and some individual practitioners.

Price of the directory is \$37.50. Publisher is Consultants News, 17 Templeton Road, Fitzwilliam, N. H. 03447.

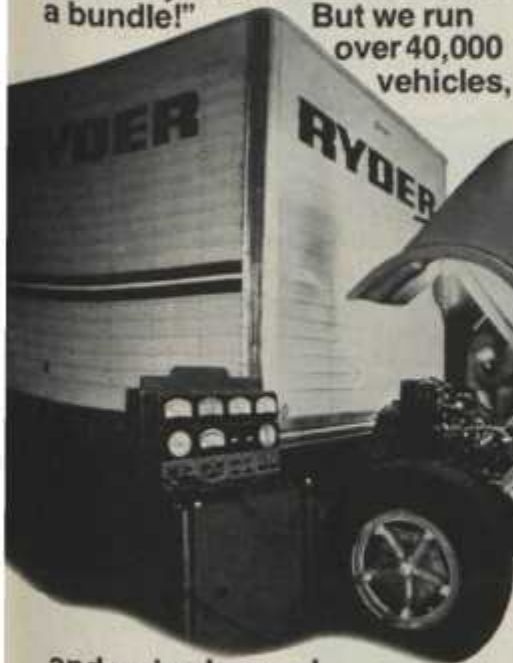
"Many consulting firms are generalists or specialize in general management services," editor James H. Kennedy says.

"However, consultants' areas of expertise cover the waterfront, taking in such special skills as resort development, risk management, forms analysis, quality control, incentive management, and executive compensation." □

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NB2

A Note of Caution on Zero-Base Budgeting

President Carter's article in your January issue ["Jimmy Carter Writes About Zero-Base Budgeting"] provides a useful departure point for discussing management techniques in the federal government.

Over the past 15 years a variety of concepts have been touted as the ultimate system for large public and private organizations and their budgets. Zero-base budgeting is the latest of these concepts.

Few would question the need to systematize decision-making, avoid duplication, and reduce costs in the federal government. The following precautions should be kept in mind, however, in considering across-the-board zero-base budgeting for the federal government:

- The system has a potential for increasing paperwork. The Georgia plan involved 10,000 two-page reports—an additional 20,000 pieces of paper.

- Many federal programs do not readily lend themselves to neat, quantifiable measures of benefits vs. costs. Who will establish and who will use cost-benefit measurements? That question must be answered before zero-base budgeting could be adopted by the federal government.

- Zero-base budgeting assumes that an organization has clearly defined objectives. This is not the case for many government programs. Before this new management system could be applied, therefore, President Carter's first priority must be the establishment of specific policies and objectives for the executive departments. These policies should recognize the continuing trend toward giving state and local government broad authority to set their own priorities on how they will use various categories of federal funds. A zero-base budget system at the federal level should provide for local cost-benefit evaluation of federally funded local programs, subject to requirements for timely expenditure and legal use.

- While President Carter was able to achieve significant savings by con-

solidating similar state functions when he was governor of Georgia, experience warns us against relying solely on broad-scale reorganization as a panacea for cutting red tape and bureaucracy.

Finally, I suggest that, once the President has detailed his policies and goals, Congress apply the zero-base concept to one or two highest priority items. This approach could demonstrate the validity of the zero-base concept, which then could be applied systematically throughout the federal government.

SEN. CHARLES MCC. MATHIAS, JR.
U. S. Senate
Washington, D. C.

The zero-base idea is very impractical. Every job and every program in Washington can be justified and supported by citizen groups with particular interests.

After a zero-base budgeting investigation by Congress and vociferous citizen group pressure for funding, what is now the responsibility of Congress, budget control, would become budgeting by citizen groups with no fiscal responsibility.

The ramifications are staggering. And, of course, there would be a new breed of bureaucrats with expertise in zero-base budget presentation.

THEODORE C. HEAGSTEDT
President
Heagstedt Associates
Winnetka, Ill.

President Carter displays an authoritarian attitude by pledging in his article that he will "require zero-base budgeting for all federal departments, bureaus, and boards by executive order."

The technique he instituted in Georgia while governor is actually the planning, programming, budgeting system. Zero-base budgeting is a phase of PPBS that allows centralized decision-making.

PPBS is a management tool for control of all goals, objectives, and programs and for the monitoring of individual performance to assure

conformity within an organization. The key to that control is funding through the centralized budget process, dominated by the top decision-maker.

When business uses PPBS, it is a private matter, and employees have a choice of working under that system or leaving the company. When PPBS is applied to government, however, there is no escape from total government control over the individual citizen's life, liberty, and property.

Jimmy Carter supports zero-base budgeting because it would impose control over national policy behind a facade of congressional involvement in the budget process.

Businessmen should recognize and resist Mr. Carter's strategy to use the methodology of PPBS totalitarian control to change the American form of government. RUTH SPENCER
La Verne, Calif.

Congressional Liability

"Hazards for Managers Under the New Pension Law" ["Economic Viewpoint," December] details how the Employee Retirement Income Security Act is imposing fiduciary responsibility on many business executives.

Making managers of pension plans personally liable for the proper investment of pension funds is sensible. But it is too bad that members of Congress did not also pass a law making themselves personally liable for mishandling funds of the almost bankrupt Social Security system.

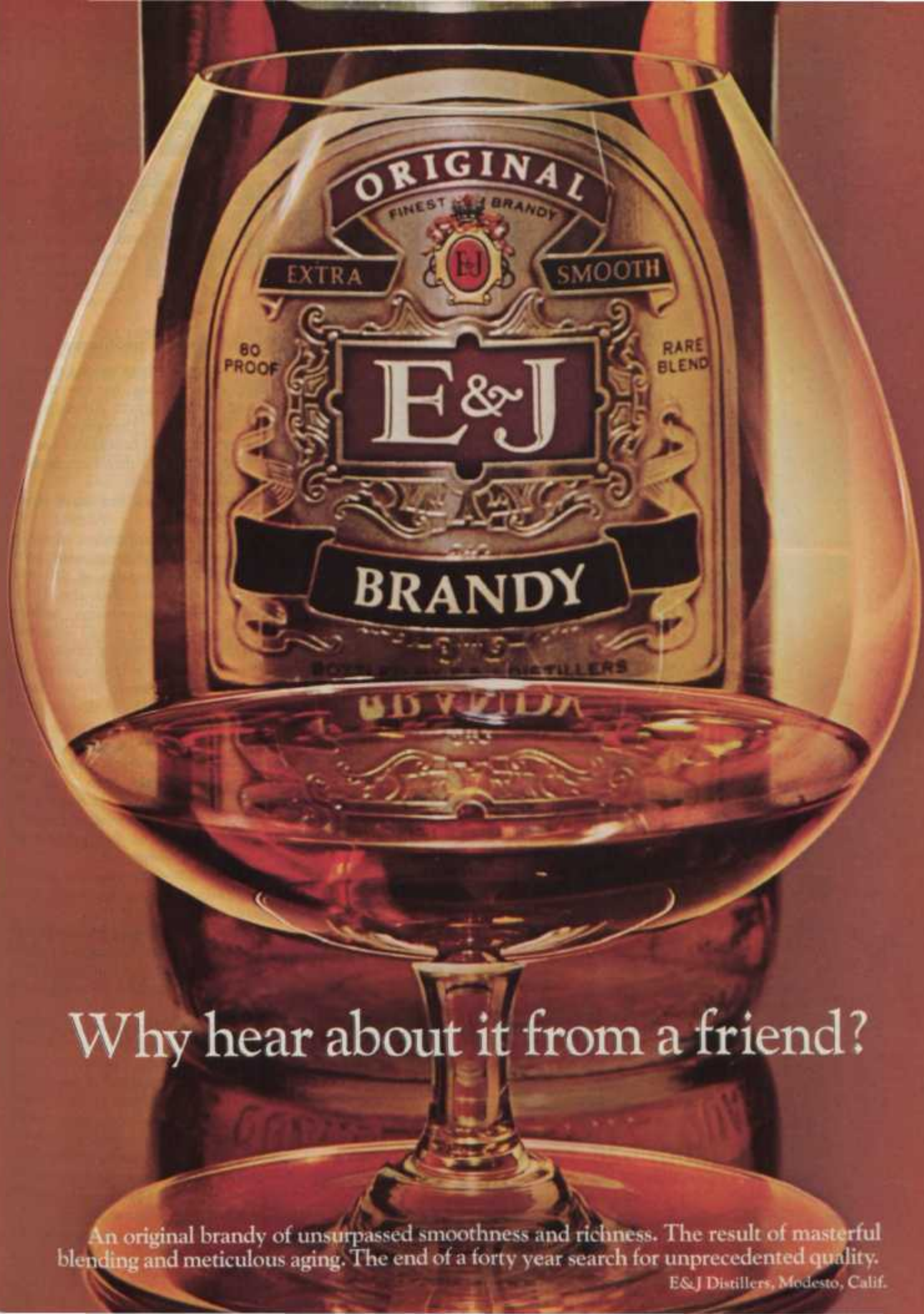
JAMES F. CALHOUN
President
Calhoun's Shoes
Birmingham, Ala.

Fighting job tensions

I enjoyed the article in which Dr. Herbert Benson recommends "A Simple, Cost-Free, and Comfortable Way to Combat Job Tension" [December].

There is a striking similarity between Dr. Benson's method and transcendental meditation, or TM.

While the practice of TM can be



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very complex, its basic tenets are essentially the same as Dr. Benson's four-step relaxation response technique.

TM has been the subject of various psychological studies, and its use has been adopted in such diverse areas as professional athletics and the military.

LARRY W. DURBIN
Project Coordinator
ARCO Chemical Co.
Channelview, Texas

Patent system problems

Dr. Simon Ramo, vice chairman of TRW Inc., writes in his article, "Using Technology to Advance Human Progress" [December], that most technological businesses are not earning enough to provide adequate funds for investment.

He gives reasons, but there is another dimension.

As founder and president of an innovative industrial equipment company with annual sales of \$10 million, I have found that the U. S. patent system discourages technological advances by small and medium-size manufacturing firms.

We tolerate a patent system inferior to that of many of the European countries with which we must compete.

The U. S. patent system no longer protects the inventor's investments of creative talent, time, and resources. Patents are challenged in the courts for the flimsiest of reasons. More than half of the patents so challenged are abrogated.

That situation encourages wholesale pirating, costing inventors millions of dollars.

All too many companies, sadly, are among those being tempted to challenge patents because the patent system in this country is weak and ineffective.

The purpose and integrity of the patent system must be restored, and the property rights of inventors must be adequately protected if we are to fulfill the intent of the U. S. Constitution, which gave Congress power "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

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New Hope for Employers Harassed by OSHA

SOME REMARKABLE things have been happening lately to the Occupational Safety and Health Administration. With few exceptions, these events are seen by the OSHA people as terrible and by the business community as splendid. In the end, the several events may be seen as beneficial all around.

What is happening, in brief, is that OSHA has collided head-on with the Constitution of the United States. The Constitution appears to be winning. In another arena, OSHA has tangled with Congress and with public opinion generally. Again OSHA appears to be having a tough time of it. I say appears to be because the outcome depends in large part upon some pending decisions of the U. S. Supreme Court. But at least from the point of view of an overburdened business community, things are looking pretty good.

There is probably not a businessman who breathes who is not familiar with OSHA, but for the record: Congress created OSHA as an agency of the Labor Department in 1970. The agency's function is to promote occupational health and safety generally by issuing standards and regulations and by inspecting commercial and industrial plants throughout the country. The agency employs 2,700 persons and is budgeted for outlays of \$130 million in the coming fiscal year.

This also should be said for the record: There is nothing especially wrong, and there is much that is right, in the concept of a federal agency to look after occupational safety and health. Even those who insist upon the strictest possible construction of the Commerce Clause will have a hard time arguing that the OSHA act is beyond the reach of Congress. State regulation in this field is admittedly uneven; the useful work that is done by insurance companies is often limited in scope. At the time the act was passed in 1970, nearly 15,000 workers were being killed annually and another 2.2 million injured by on-the-job hazards.

WE ARE DEALING here in human tragedy and hardship as well as in serious losses in production. Every businessman in his right mind wants to maintain reasonably safe conditions for his workers. But if the purpose is commendable, and the approach is constitutionally permissible, both the federal act and its administration have encountered great trouble. It has become impossible to keep up with the massive volume of regulations that emanate from OSHA. There are thought to be somewhere between 4,000 and 5,000 separate requirements. The number is probably much

larger. A recent study of federal regulation of the steel industry alone, prepared by the Council on Wage and Price Stability, turned up more than 4,000 rules affecting this one industry. Even the most cooperative employers complain that they are overwhelmed by the sheer weight of OSHA rules and reporting requirements. And the flood continues.

The agency's system of inspection and enforcement—if the haphazard program could be termed a system at all—has caused enormous resentment. Employers everywhere complain that OSHA inspectors often are untrained and overzealous. For all practical purposes, the inspectors have power to impose penalties for the violations they detect; and whether these penalties are called fines or civil assessments, the effect is the same. The inspectors function as policemen, prosecutors, and judges all at the same time, and because the fines usually are less than \$1,000—often only \$30 to \$50—most employers resentfully pay the levies rather than bear the heavy expense of appealing and fighting them.

FINALLY, the agency has suffered from its own public relations follies, and from what is perceived as its indifference to the economic facts of the real world. No one is likely to forget OSHA's booklet on "Safety with Beef Cattle" and its solemn advice to employees: "When floors are wet and slippery with manure, you could have a bad fall. Be careful that you do not fall into the manure pits." Neither can manufacturers forgive OSHA officials for proposing some wildly unrealistic rules on permissible noise. Estimates of the cost to industry for compliance with the noise proposals range from \$10.5 billion to \$31.6 billion. For an estimated \$284 million, affected workers could be supplied with earmuffs that would abate much of the problem, but such protective devices have no allure for the regulation writers.

Such is the thickness of the bureaucratic hide that OSHA doubtless could survive the whips and slings of outraged employers. The agency's problem now is with the courts and with the Constitution. Two major attacks have developed. One involves the Seventh Amendment to the Constitution; the other involves the Fourth. Both attacks raise profound questions of constitutional law, with implications that reach far beyond OSHA itself.

The penalties imposed by the agency in theory are civil, not criminal, in nature. The Seventh Amendment says that in suits at common law, where the value in

controversy exceeds \$20, "the right of trial by jury shall be preserved." The government contends that in this regard, at least, the Constitution doesn't apply to OSHA. The agency imposed penalties, or fines, on two companies—an excavating contractor and a roofing company. In each case a worker had died on the job. When OSHA undertook to collect the levies, the employers demanded jury trials. The agency balked, and the controversy went to court. The two companion cases were argued before the Supreme Court in December. As I write, the matters are pending for opinion.

During oral argument, former Solicitor Gen. Robert J. Bork argued that to impose a jury trial requirement "would go a long way toward collapsing" the OSHA enforcement program. By extension, Mr. Bork argued that the Seventh Amendment was never intended to apply to any federal agency. Federal appellate courts in the Second, Third, Fifth, Eighth, and Tenth Circuits have upheld Mr. Bork's view of the constitutional issue, but members of the Supreme Court asked some searching questions of opposing counsel.

IF OSHA WINS on the jury trial question, the agency may still be in deep trouble on the matter of an employer's Fourth Amendment rights. With only a couple of exceptions, OSHA has lost the court battles on this point.

Under the act creating the agency, OSHA's inspectors are authorized "to enter without delay and at reasonable times any factory, plant, establishment, construction site, or other area" where work is performed. Once the inspectors have entered, they are authorized "to inspect and investigate" and "in a reasonable manner" to search the premises for safety violations.

The Fourth Amendment, for its part, says that "the right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated." The Constitution further demands that before an officer searches a place, he must obtain a warrant after establishing probable cause to believe a search would be justified.

This is the head-on collision. In half a dozen cases, widely scattered over the country, employers have flatly refused to admit OSHA inspectors without a warrant. In every recent case the employers have won.

THE LINE of cases began in Texas in January, 1976, following the refusal of Gibson Products, a discount house in Plano, to let an inspector in. A three-judge court upheld the company's position. Other cases followed in Albuquerque, Cleveland, and Duluth, Ga. The most far-reaching decision came in January, 1977, from a three-judge federal court in Idaho. There the court found OSHA's entry authorization "unconstitutional and void in that it directly offends against the prohibitions of the Fourth Amendment." The Idaho court was unwilling to sanction OSHA inspections even with a warrant, and it enjoined all further inspections in Idaho under the OSHA act.

The Secretary of Labor quite naturally has appealed the several adverse decisions, but the cases have not matured before the Supreme Court and may not be reached before the end of this term in June.

The line of legal reasoning is to this effect—that the Fourth Amendment protects a businessman at his place of business, just as it protects a citizen in his home. Only in certain carefully limited circumstances may government agents undertake a warrantless inspection. In general, these circumstances would involve a business subject to pervasive federal regulation, such as the sale of firearms or liquor; a warrantless inspection would have to further some "urgent" federal interest.

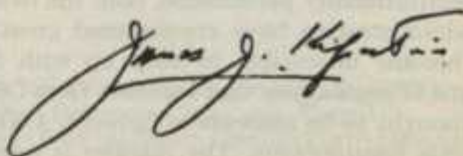
Because the several test cases have involved a discount store, a manufacturer of textile machinery, a box maker, and the owner of a heating and air-conditioning establishment, the conditions have not been met. Setting the Idaho decision to one side, what this means is that the ordinary employer, if he wishes, can stop OSHA inspectors at his gate: No warrant, no entrance.

The OSHA people have been moaning and groaning that a warrant requirement will put them out of business. If an inspector has to go first to a federal magistrate and upon oath establish probable cause in order to get a search warrant, the inspection program will be much delayed. Once the word gets around that OSHA's warrantless inspections are illegal, few employers are likely voluntarily to let the inspectors in.

FOR MY own part, I see nothing whatever wrong with a warrant requirement. If a serious safety hazard exists within a factory or construction site, surely some endangered worker will telephone an OSHA office to complain. Such a verified complaint is enough to establish probable cause. Warrants will issue. Thus armed, inspectors may enter the suspect premises, knowing precisely what they are looking for. Such an orderly, constitutional procedure would eliminate much of the petty, nit-picking harassment that has so irritated employers everywhere.

I suggested at the outset that such a resolution of the controversy would be beneficial all around. The Constitution would be well-served, safety-conscious employers would be relieved of mere nuisance inspections, the workers would be protected against serious hazards, and the federal agency would get its job done.

To be sure, none of this will solve OSHA's other problems in silly public relations and overregulation. But leg over leg the dog goes to Dover; you can't do everything at once. Whether because of OSHA's efforts or despite them, the trend of industrial accidents is down. Everyone's goal should be to keep the trend moving that way.





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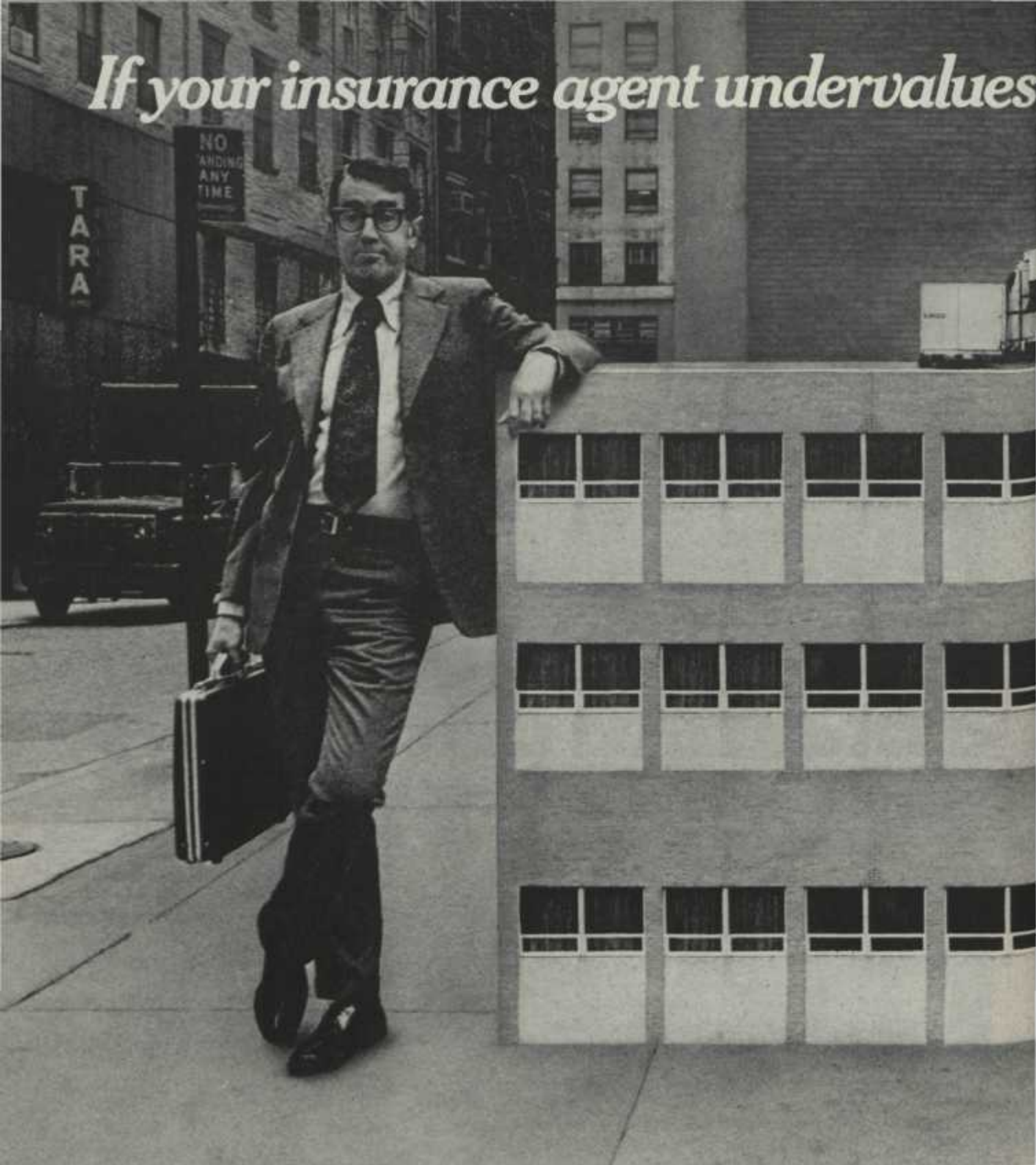
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The Voice of Business Grows Stronger in Washington

"IT WAS unquestionably the intent of Congress that collective bargaining, free from state interference, should be the foundation of the federal labor policy. . . . [This] statutory scheme for unemployment compensation to strikers therefore cannot stand, but must be stricken down."

Those forceful words are from a federal court opinion ruling illegal a state law requiring payment of unemployment compensation to strikers. The opinion represented an impressive victory for the Chamber of Commerce of the United States and its business-community allies in a struggle against state labor laws that force employers to finance strikes against themselves.

Many new initiatives

The National Chamber had joined in the case under its aggressive new program of fighting for business objectives in the courts as well as in Congress and the executive branch.

This litigation program, which is taking a broad range of business concerns before tribunals ranging up to the U. S. Supreme Court, is one of many manifestations of new leadership and new initiatives that are revitalizing the nation's largest business organization.

Other important developments include:

- An intensified legislative drive in support of business objectives on Capitol Hill, particularly on such key issues as energy, economic policy, health care, labor laws, taxation, welfare, and relief from regulatory and paperwork burdens. A parallel development is the continuing expansion and improvement of the National Chamber's Congressional Action System, a network of more than 100,000 business people who perform the vital function of telling Congress what grass-roots sentiment is on specific issues affecting the competitive enterprise system.

- Establishment, by business leaders active in the National Chamber, of Citizen's Choice, a fast-growing action organization to mobilize "the millions of Americans who resent high taxes, inflation, and increasing government interference in their lives."

- Establishment of the Center for Small Business to serve the specialized needs of employers who represent 95 percent of all businesses in the country.

- The launching of a corporate relations program, conducted by a new Office of Corporate Relations, to increase the involvement of corporations in activities of the National Chamber.

- Expansion of communications, interpreting-business, economic education, and other programs designed to improve understanding of the competitive enterprise system.

- Providing information to corporations on the importance of busi-



The Washington headquarters of the Chamber of Commerce of the United States (upper left) and the White House face diagonally across historic Lafayette Park. This view from the Washington Monument shows the south portico of the White House.

ness and individual participation in the political process.

- Regulatory reform initiatives that include both support for a federal commission seeking ways to reduce paperwork demands on business and direct challenges to unreasonable mandates from the Occupational Safety and Health Administration, the Environmental Protection Agency, the Federal Trade Commission, and other agencies.

- An effort to establish liaison with nonbusiness national voluntary organizations.

- Expanded programs in international trade, including creation of a special information service on multinational negotiations being held under the Geneva Agreement on Tariffs and Trade; creation of bilateral councils composed of U. S. business executives and representatives of business from eastern European and Middle East countries, the European Economic Community, Brazil, India,

and Japan; and establishment of a joint commission of U. S. and Romanian business representatives.

- Creation of special task forces to monitor activities of such key federal regulatory agencies as the Occupational Safety and Health Administration, the Federal Trade Commission, and the Consumer Product Safety Commission. Activity in the regulatory area also includes the funding of a special study by a top private consulting firm that demonstrated OSHA was seriously underestimating the costs to business of complying with proposed noise regulations.

- Strong support for adoption of a federal system of zero-base budgeting requiring government agencies to justify their existence periodically or face curtailment or even abolition. A previous National Chamber-initiated campaign had led to passage of the Congressional Budget Reform Act of 1974, fully implemented last year.

- Corporate development programs designed to better equip business leaders to deal with the pervasive federal presence in the enterprise system. Key elements are an intern project, in which business executives get an inside view of the Washington scene through actual experience; the National Chamber Briefing Center, where officials and specialists of the National Chamber provide up-to-date reports to business, academic, and other groups on issues of concern to the respective organizations; and a program for improving leadership skills of business, association, and state and local chamber managers.

- Implementation of a system of long-range planning on National Chamber objectives. Five task forces, each with responsibility for a major business area, were established to assist the board of directors and top staff in planning. Creation of the business federation's first systems

Increased effectiveness and an expanding membership have been characteristic of National Chamber activity since Dr. Richard L. Lesher became President two years ago.

As Chairman of the National Chamber Board, Herbert S. Richey has provided strong leadership in the federation's efforts on behalf of the business community.



PHOTOS: YOICHI OKAMOTO

analysis and design division is another innovative management technique that has been put in place.

Most of the new departures at the National Chamber, headquartered just across Lafayette Park from the White House, stem from May, 1975, when Dr. Richard L. Lesher, then 41, was named president of the business federation.

Nationwide search

Dr. Lesher had been a member of the top management team at the National Aeronautics and Space Administration during the era leading up to and including the initial moon landings.

He was serving as president of the newly established National Center for Resource Recovery when a nationwide search by the National Chamber board of directors ended with his selection as the chamber's chief operating officer.

Dr. Lesher took over the job at a

critical juncture for the business community in its relations with the national government.

Antibusiness pressures

A Watergate backlash the previous November had produced the 94th Congress, hailed by liberals as a veto-proof body that would make long-standing dreams of every anti-business pressure group in Washington come true, particularly in the labor, environmental, and consumer areas.

The indirect involvement of a handful of businessmen in the Watergate scandals was being exploited by critics of business as justification for stiff new government controls over the private sector.

Forced breakup of companies in the energy industry and other major industries, environmental restraints that would cripple economic growth, and creation of a consumer super-agency to ride herd on business were

among proposals getting serious consideration in government on the theory that public opinion would support such moves.

The new National Chamber president was aware that winds of change were building up.

Promise of dynamism

In a message of greeting to his Washington staff, Dr. Lesher said: "Over the years the world has changed, our nation has changed, and the National Chamber, too, must change.

"I can promise you that this will be a dynamic, exciting, and constantly changing organization."

Dr. Lesher saw reasons for optimism about the national scene. In one of his early speeches as National Chamber president, he told a business audience:

"While our enterprise system is in more trouble than many of us suspect, I am also convinced that the

Gains the Chamber Has Scored for Business

The Chamber of Commerce of the United States in recent years has made solid gains on behalf of the business community in a wide range of areas.

For example:

BUDGET REFORM—The National Chamber did initial research and launched the campaign that led to enactment of the Congressional Budget Reform Act. This law brought marked improvements to the procedures by which Congress sets annual spending levels.

HEALTH CARE—The chamber has developed for congressional consideration a national health-care plan that preserves the strengths of the private sector in this field while providing needed protection at a moderate public cost.

GENERAL REVENUE SHARING—The chamber was one of the first nongovernment groups to study and support general revenue sharing, which Congress has adopted. This program provides federal revenues

for state and local governments to use with a minimum of interference from Washington.

FOREIGN TRADE—The chamber has fought consistently for improved trade relations between the U. S. and other nations, successfully opposing efforts to hamper both foreign investment in this country and U. S. business activity abroad. Also, the chamber, through 14 bilateral councils, has improved contacts between American and foreign business leaders.

OTHER ACTION ON LEGISLATION—The National Chamber in 1976 was the only business organization active in the campaign that led to congressional repeal of the so-called one percent kicker for federal pensioners. Retired federal employees had been receiving a four percent increase in pensions for every three percent increase in the consumer price index. Savings as a result of repeal are estimated at \$3 billion over the next five

years alone, helping all taxpayers.

Also, the chamber assisted in rallying support that upheld presidential vetoes of common-situs picketing and surface mining restrictions, prevented enactment of a Consumer Protection Agency bill, and defeated land-use controls and federalization of unemployment compensation.

CONSUMERISM—The chamber has developed a consumer redress plan to provide speedy resolution of consumer complaints without a massive new federal bureaucracy.

CAREER EDUCATION—The National Chamber has been a leader in urging local school systems to offer career education programs which help prepare young people for employment opportunities in many fields.

COMMUNITY DEVELOPMENT—The chamber has produced the first guidelines to enable diverse groups to work together on community needs, resources, and priorities.

enormity and severity of the problems may be the source of our salvation, the silver lining inside the black cloud.

"There are indeed some encouraging signs. Liberal congressmen are hearing more and more from constituents angry about the growth of government, about taxes, deficits, and the congressional pay raise. Some of those congressmen have already started pretending to be economic conservatives.

"There are many other bits of evidence pointing to an enormous reservoir of strength and support for the business viewpoint gathering all across this nation."

This analysis was borne out by developments in the months that followed.

Public opposition to the growth of government, for example, was a major factor in the failure of an intensive labor-sponsored drive to win enactment of legislation creating a

consumer protection agency. Such an agency would have been an unnecessary, burdensome addition to government regulatory bodies already in existence.

More victories than losses

Overall, Dr. Leshner reports, "our scorecard with the antibusiness, pro-labor, liberal 94th Congress was far better than expected. The National Chamber was involved in 71 issues. Our objective prevailed in 47, for a 66 percent win factor; we lost on 13, or 18 percent; and the result on 11, or 16 percent, was classified as part win/part loss."

Hilton Davis, the National Chamber's vice president for legislative action, agrees that the threat of massive congressional assault on business proved to be a blessing in disguise.

"Talk of a veto-proof Congress that would give labor and liberals everything they wanted really got the

business troops stirred up," Mr. Davis commented in a review of the 94th Congress. "A lot of business organizations became far more involved on the legislative action scene than they had been, and we at the National Chamber had a great deal of effective support from many new quarters.

"There was not only better coordination among business representatives here in Washington, there was more effective use of grass-roots support from all parts of the country."

Importance to business

Some of the business victories came about through congressional approval of business goals, some through congressional rejection of antibusiness proposals, and some through actual or promised vetoes by President Ford.

"Whether through veto, passage, or failure to approve, these victories were of great importance," Mr. Davis

Chamber Objectives in the 95th Congress

National Chamber activity in Congress is being intensified because of the increasing number and complexity of legislative issues affecting business.

These are some of the chamber's priority objectives in the 95th Congress:

ECONOMIC POLICY

- Provide tax incentives to encourage investment in the private sector, the only source of permanent employment. Specific goals are: an investment tax credit of at least 12 percent, improved depreciation, a better tax break for small business, lower corporate taxes, elimination of double taxation on corporate earnings, and reduced taxes on capital gains.

- Give individuals permanent tax cuts as opposed to temporary cuts, which tend to be destabilizing.

- Prevent any form of wage-price controls—whether actual, standby, or jawbone.

- Adopt zero-base budgeting to weed out nonessential federal spending.

- Take corrective action to restore the Social Security system to

an actuarially sound basis and head off a disastrous long-term deficit now estimated in the trillions of dollars. Maintain the concept of equal taxes on employers and employees and redesign the formula to prevent excessive increases in benefits.

- Reform public employee pension plans to bring them more in line with pensions in the private sector, and curb overly generous benefits that threaten to impose massive new burdens on taxpayers.

ENERGY

- Deregulate natural gas to encourage more exploration and production.

- Prevent the forced breakup of energy companies.

ENVIRONMENT

- Pass Clean Air Act amendments balancing economic growth and environmental protection.

- Amend the Clean Water Act to provide more flexibility in meeting the act's requirements.

LABOR

- Head off excessive increases

in the hourly minimum wage or in the overtime pay formula and prevent adoption of an automatic escalator for future increases in hourly wages.

- Open more jobs for unskilled youths by establishing a special minimum wage level for them.

- Preserve the Taft-Hartley Act's right-to-work provision that permits states to ban compulsory union membership.

- Maintain present prohibitions against secondary boycotts at construction sites by opposing common-situs picketing legislation. Such legislation would enable a single union to close down an entire project where many employers with many employees are working.

- Preserve the right of state and local governments to establish labor relations policies for their own employees without federal intervention that would, as proposed in pending bills, require collective bargaining and give public employee unions the right to strike.

GOVERNMENT REGULATION

- Make the Occupational Safety and Health Act more efficient and

says. "They prove how effective a concerted, continuous effort can be."

While the National Chamber's legislative scorecard is one key indicator of the organization's effectiveness, the bottom line is the extent to which the business community gives support to the National Chamber and its programs.

Membership zooms

That support zoomed in the past 18 months.

Total membership went from 52,892 on June 30, 1975, to more than 65,000 at present, with a concurrent increase in membership income from \$11.6 million a year to more than \$14 million.

Manufacturers represent the largest single component of National Chamber membership, comprising 26 percent, or 17,300 companies. They account for 38.5 percent of membership income.

Other categories of National

Chamber membership include: Retail trade, 14.3 percent; contract construction, 12.5 percent; finance, insurance, and real estate, 11 percent; services, 9.7 percent; wholesale trade, 9.7 percent; transportation, communications, and public utilities, 5.2 percent; commercial organizations, 3.9 percent; agriculture, forestry, and fishing, two percent; and mining and petroleum, two percent.

Nation's Business growth

Another measure of expanded business community support for National Chamber goals is the growth of NATION'S BUSINESS, which has the largest circulation of any business magazine in the country. NATION'S BUSINESS, published by the National Chamber, now has 1.1 million subscribers, an increase of 150,000 in the past two years.

Just as growth and progress continue, so do the challenges.

"The busyness of the 94th Con-

gress will probably be exceeded only by the busyness of the 95th," Dr. Leshner says. "We already are becoming involved in a greater number of issues in Congress this year, most of them critical to the private enterprise system."

National Chamber staff members dealt with 47 issues in the 93rd Congress, 71 in the 94th. For the newly convened 95th Congress, the National Chamber has a master list of 83 key legislative areas, ranging from A to Z—age discrimination in employment through zero-base budgeting.

Developing policy

Continuing growth in the number of major legislative areas that concern the business community is a reflection of the increasing tendency of Congress to involve itself in business matters and the correspondingly greater effort required of the business community to defend itself.

equitable by providing for on-site consultation without risk of penalty for violations not posing a serious threat, easing the economic burdens of compliance, and assuring more evenhanded enforcement.

- Improve coordination of existing consumer-protection programs in various government agencies, but prevent creation of a proposed powerful consumer agency that would cause substantial additional problems for business without benefits to consumers.

- Ensure that the basic constitutional right of citizens to make their views known to government officials is not curbed by regulations on lobbying activity and that any such regulations do not create extensive new record-keeping or reporting burdens.

- Protect property rights by opposing controls on land use.

GOVERNMENT REORGANIZATION

- Give the President authority to make organizational changes improving coordination and efficiency within the executive branch, with Congress holding a veto over specific proposals.

At the National Chamber, that defense begins with the development of broad policy positions that are applied to specific legislative issues.

Chamber policy is determined by the board of directors, working through committees and task forces. All told, more than 1,200 senior business executives are involved in that process, guaranteeing that the National Chamber speaks as the voice of business.

The benchmark for policy determinations is this formal statement of the National Chamber's mission:

"To advance human progress through an economic, political, and cultural system based on individual freedom, incentive, initiative, opportunity, and responsibility."

Dr. Leshner's initial actions as the National Chamber's president included the drafting of this formal declaration of goals. "So much of our philosophy flows out of that statement," he says.



William K. Eastham, President of S. C. Johnson & Son, Inc., of Racine, Wis., is Vice Chairman of the Board of the National Chamber and a member of several key committees.



As Senior Vice President of the National Chamber, William G. Van Meter holds major responsibilities in both the planning and operating areas of the federation leadership.

A closer look at some of the National Chamber programs gives a good indication of how the business organization's philosophy is translated into action.

STRENGTHENING THE ECONOMY

In concert with other representatives of the business and professional community, the National Chamber is stepping up its efforts to bring home to Congress a dual message: The nation does not benefit from big-spending policies that trigger a high rate of inflation, nor does it benefit from environmental restraints that smother private sector expansion vital to creating job opportunities.

Dr. Jack Carlson, who was named vice president and chief economist of the National Chamber last October, has already become a leading spokesman for business in appearances before congressional committees, in meetings with key officials through-

out the government, and in talks to private organizations.

This testimony he gave to a House committee is a sample of the messages he delivers:

"Business is fearful that government spending initiated or accelerated now will become an engine for inflation in future years when the economy is operating at a high level. . . .

"Direct stimulus of investment is more important now than at any time since World War II. Clearly, the Congress should consider direct investment stimuli, such as an increase in the investment tax credit; more adequate depreciation allowances to compensate for higher, inflation-caused costs of replacement; or a decrease in business taxes. In the longer run, removal of the double taxation of dividends would add greatly to investment.

"The reliance on spending to stimulate the economy raises fears that



The National Chamber Briefing Center provides up-to-the-minute information on government activities for executives such as this group from Allis-Chalmers.

The annual meeting of the National Chamber is attended by business leaders from all parts of the country. The U. S. Marine Band opens the event.



government spending will ratchet up and become the engine for inflationary expectations during the next several years.

"Pork barrel economics raises inflationary fears."

Environmental threat

In the environmental area, a major National Chamber project has been the development of detailed maps showing, nationally and by states, the devastating effect that proposed new government air-quality controls would have on economic growth.

The maps have become one of business's most effective resources in demonstrating the potential impact of environmental proposals that are made without paying heed to economic considerations.

Federal air-quality policy, the National Chamber argues, should involve "consideration of impact upon all aspects of the nation's well-being, including economic, social, energy,

and environment aspirations and needs."

LITIGATION PROGRAM

The National Chamber currently is involved in 31 major court cases, either as a party or friend of the court, in addition to the case that led to the decision against unemployment compensation to strikers. That case involved employees of the Hawaii Telephone Co. and was tried in U. S. District Court in Hawaii. The decision has been appealed by the employees' union.

At present two states, New York and Rhode Island, pay unemployment compensation to strikers regardless of the impact on the employer, and 29 states provide for such payments if the employer continues to operate.

Other recent major successes for the litigation program have seen U. S. Supreme Court decisions uphold the National Chamber's posi-

tion that employers have a right to decide what they will insure their employees against, and therefore are not required to pay pregnancy disability benefits, and that a nonunion teacher has a First Amendment right to speak before a school board on collective bargaining matters affecting the teacher.

Fighting FTC prying

Litigation activity by the National Chamber now includes the filing of a federal court suit challenging the legality of the Federal Trade Commission's Corporate Patterns Report demands. FTC is trying to force 1,000 manufacturing companies to divulge statistics on a total of 1,300 types of manufacturing activity. The business community views this as a device for obtaining confidential operating data. Nearly 50 of America's largest corporations have joined the National Chamber in the case.

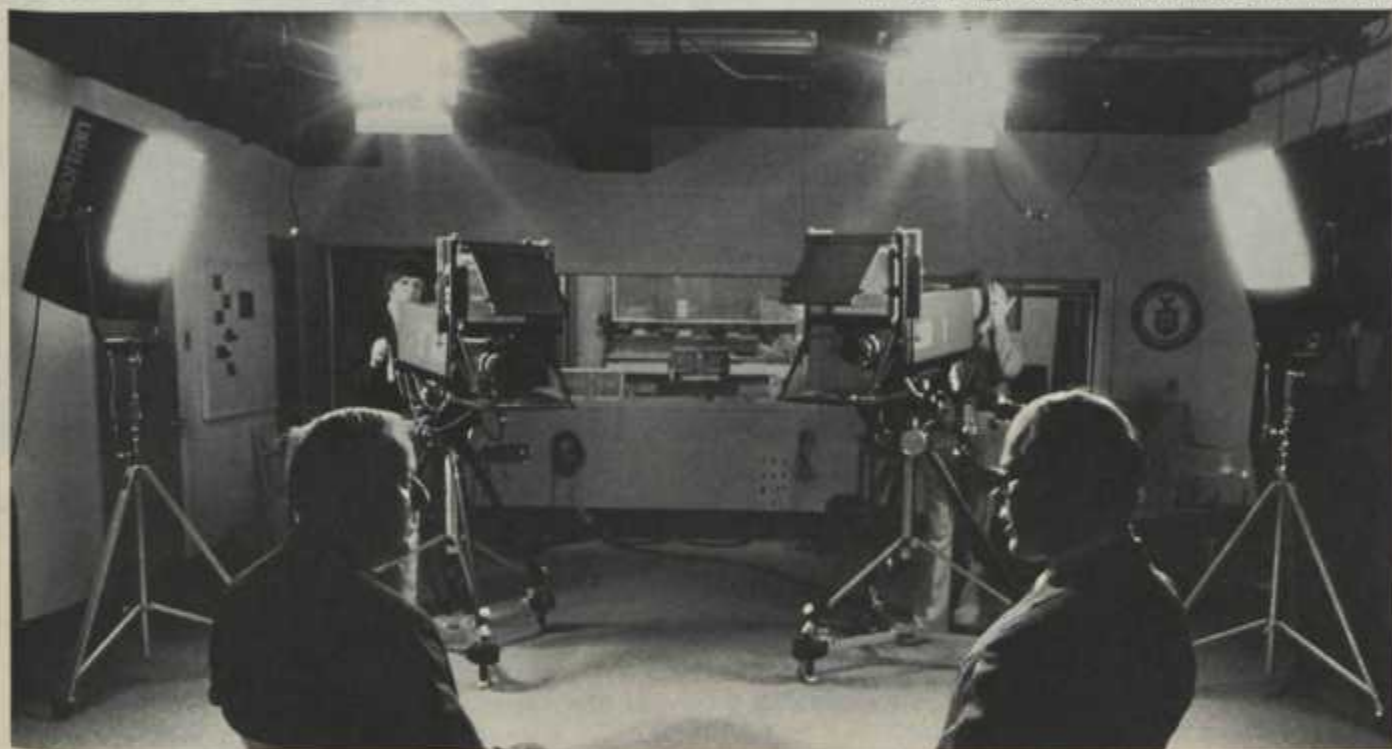
The National Chamber, which has



The Broadcast Center is a key element in communications efforts. Regulatory reform is being discussed by Sen. Abraham Ribicoff (left), Sen. Charles Percy (center), and Dr. Leshner.



A report on congressional issues affecting business is taped by two members of the National Chamber's legislative action division, Argyll Campbell (left) and Daniel M. Kush.



participated in more than 100 cases since the litigation program started, plans increasing judicial action.

"We are continuing to expand and intensify our involvement in the courts and are in the process of implementing major revisions in our litigation program," Dr. Leshner and William G. Van Meter, senior vice president of the National Chamber, commented in a recent joint report. "These revisions will permit us to do much of the legal work in-house, in consultation with outside experts, thereby permitting us to better utilize our resources."

CITIZEN'S CHOICE

"Numbers are very important in the democratic system," Dr. Leshner explains in describing the thinking that went into formation of Citizen's Choice. "We need to let Congress realize that average citizens from all walks of life are concerned when government actions impede or stifle the

workings of our competitive enterprise system.

"It's not just business that gets hurt, but millions of shareholders, millions of workers, millions of consumers. And shareholders, workers, and consumers are joining Citizen's Choice."

The new, broadly based organization was founded by business leaders active in the National Chamber and given the formidable goal of "recapturing Washington for the hardworking taxpayer."

Members of Citizen's Choice are individuals, rather than businesses. Membership is \$15 a year. Business leaders who endorse the organization are personally encouraging their friends, stockholders, and employees to join.

Jay VanAndel, chairman of Amway Corp., is chairman of Citizen's Choice. At a press conference last September announcing the formation of the organization, he said:

"Citizen's Choice is destined to take its place among the important citizen-based groups in America. . . . We have reached a time in our history when it is essential for us to make clear to the Congress and to the regulatory agencies this message from America's productive taxpayers: Federal spending must be brought under control. Federal interference in the marketplace must be limited because it threatens economic prosperity and individual opportunity.

"We are convinced a great many people feel their government has not been listening to them. We believe that, through Citizen's Choice, those people will not only be heard at the highest level of government, they will be heeded."

ECONOMIC EDUCATION AND INTERPRETING BUSINESS

Building support for the enterprise system is a key goal of the National



Dr. Richard L. Leshner
President of the National Chamber



William G. Van Meter
Senior Vice President



Richard L. Breault
Vice President, Program
Development and Implementation



Hilton Davis
Vice President, Legislative Action



The Chamber's Professional Leadership: An Effective Mix

A blend of veterans and more recent arrivals is presiding over the extensive changes in activity and outlook at the Chamber of Commerce of the United States.

These top officials hold new titles that more accurately reflect the responsibilities of their assignments.

The changeover began in 1974, when the position of president, held for a one-year term by a top member of the business community, was renamed chairman of the board of directors. At the same time, the National Chamber's chief operating officer, who had been called the executive vice president, was given the title of president.

More recently, the executive manager, second in command on the operating staff, became the senior vice president. The titles of the heads of six principal National Chamber departments were changed from general manager to vice president.

Here is a listing of the current National Chamber professional leadership:

President: Dr. Richard L. Leshner, who became the National Chamber's chief operating officer in May, 1975. He had served in top management at the National Aeronautics and Space Administration and as the first president of the National Center for Resource Recovery, a nonprofit corporation that is looking for technological solutions to the growing problem of municipal solid-waste disposal. Dr. Leshner also has been a business management consultant. Early in his career he was a member of the faculty of the College of Commerce and Administration at Ohio State University.

Senior Vice President: William G. Van Meter. He and Dr. Leshner comprise the top-level leadership team which holds responsibilities ranging from oversight of day-to-

day operations to planning and executing long-range strategy based on policy decisions made by the board of directors. Mr. Van Meter, who joined the chamber staff in 1951, also is responsible for developing and implementing programs and projects designed to improve National Chamber effectiveness, both in dealing with government and serving the business community, and in internal administration.

Vice President, Program Development and Implementation: Richard L. Breault, who joined the National Chamber staff in 1964 after serving as acting budget officer of the U. S. Food and Drug Administration. His National Chamber responsibilities cover two major staff groups in the domestic field and two dealing with international issues. Earlier he was associate director of research for the business federation's Task Force on Econom-



Dr. Jack W. Carlson
Vice President, Chief Economist



John J. Meehan
Vice President, Public Affairs
and Federation Development



William H. Scheckel
Vice President, Finance



Dr. Carl Grant
Vice President, Communications

ic Growth and Opportunity, which was composed of chief executive officers of leading corporations.

Vice President, Chief Economist:

Dr. Jack W. Carlson, who had extensive experience in both business and government prior to joining the National Chamber late last year. He has served as Assistant Secretary of the Interior for energy, mineral, and electric-power supply policies; assistant director of the U. S. Bureau of the Budget; assistant to the director of the Office of Management and Budget; and a policy adviser at the Defense Department. Dr. Carlson has had private business experience as a real estate builder-investor and as a financial consultant.

Vice President, Legislative Action:

Hilton Davis, a 23-year veteran of the National Chamber staff. As chief of the legislative team, Mr. Davis is responsible for presenting the business federation's views to Congress and rallying support for the legislative objectives of business. He also oversees the National Chamber's extensive congressional action network, by which grass-

roots views of business throughout the nation are communicated to Congress with increasing effectiveness.

Vice President, Communications:

Dr. Carl Grant, former television news executive and government official who joined the National Chamber in January. Dr. Grant, who spent ten years in commercial broadcasting, has served as public affairs director for the General Services Administration, associate director of the Defense Manpower Commission, and director of the President's Commission on White House Fellows. As head of communications, Dr. Grant is responsible for the National Chamber's magazine, broadcast, and news divisions.

Vice President, Public Affairs and Federation Development:

John J. Meehan, who came to the National Chamber in 1954 after service with local chambers in the Midwest. Mr. Meehan is primarily responsible for coordination and implementation of program-development activities outside of Washington and for activities relating to

the development of voluntary business organizations. His earlier duties included managing a National Chamber division seeking solutions to problems affecting economic growth and natural resource litigation.

Vice President, Finance:

William H. Scheckel, who joined the chamber staff in 1954 as a junior accountant. His responsibilities include financial forecasting, long-range financial planning, analysis of the financial reporting system, administration of fringe benefits, and other duties related to the overall supervision of National Chamber financial matters.

Manager, Membership Sales Department:

William V. Butera, a 25-year veteran of service with the National Chamber. Mr. Butera had headed the business federation's membership sales operations in the New York metropolitan area for almost 20 years when he was selected in 1971 to take over direction of the entire national sales force, which operates out of eight marketing centers throughout the United States.

The Federation Concept: Source of Strength

The mutually advantageous interaction between the Chamber of Commerce of the United States and its members is based on the unique relationship known as the federation concept, National Chamber Senior Vice President William G. Van Meter says.

A federation, he notes, is "a



Mr. Van Meter

union of organizations," a term that aptly describes the chamber.

"It is the federation concept," says Mr. Van Meter, "that makes the chamber the greatest grass-roots organization in the world."

"We are made up of diverse elements, each contributing its strengths to the goals of the National Chamber, and each drawing on the chamber's resources to further its own mission."

"A great part of our strength, a great part of our influence as an innovator and motivator, come from the diversity of our membership."

The National Chamber, organized in 1912 to provide a united voice for business in the nation's capital, has two groups of members:

- Business and professional, covering virtually every aspect of industrial and commercial life, and ranging from single proprietorships

to the nation's largest corporations.

- Organizational, including local, state, and regional chambers of commerce; trade and professional associations; and American Chambers of Commerce Abroad. These AmChams, 41 chambers functioning in 39 foreign countries, as well as the international activities of many individual chamber members, give the business federation a global base.

Mr. Van Meter adds that the chamber management and staff, based in the national headquarters building and in six regional offices throughout the country, are a key element in implementing the federation concept.

The more than 400 staff employees at national headquarters include specialists in some 40 broad fields of business interest. The headquarters is organized into five functional elements: Program development and implementation, legislative action, economic analysis and study, communications, and public affairs and federation development.

Chamber. Programs in this area include Economic Education, designed primarily to acquaint young people and their teachers with basic economic principles, and Interpreting Business, which is aimed at a broad-public.

The education phase includes "Economics for Young Americans" and such programs as the Business-Education Exchange, Business-Youth Communication, and College-Business and High School-Business Symposiums.

Interpretation of business efforts include not only specific projects, such as a newly announced program to show the true source of jobs, but programs to give major assistance to business and business leaders in setting up their own activities as part of the overall effort to restore confidence in the enterprise system.

In the "Economics for Young Americans" project, members of the business community and state and

local chambers of commerce purchase kits developed by the National Chamber to acquaint young people with the country's economic system.

More than 9,000 kits have been placed in high schools in every state and in several foreign countries.

The kit includes filmstrips, cassette recordings, printed scripts, lesson plans, and Ditto master sheets. Four subjects are covered: "The Promise of Productivity," "Money Matters," "Profits at Work," and "Business Means Business About Ecology."

In the new program on the source of jobs, the basic resource is a booklet, "Who Is the Real Employer? The True Source of Jobs." The author is Dr. William H. Peterson, professor of philosophy of business at Campbell College. The booklet is intended to be used in conjunction with public service advertisements.

The consumer, Dr. Peterson says, is "a veritable dictator" whose deci-

sions make businesses succeed or fail and are responsible for the hiring of millions of workers, not only in this country but around the world.

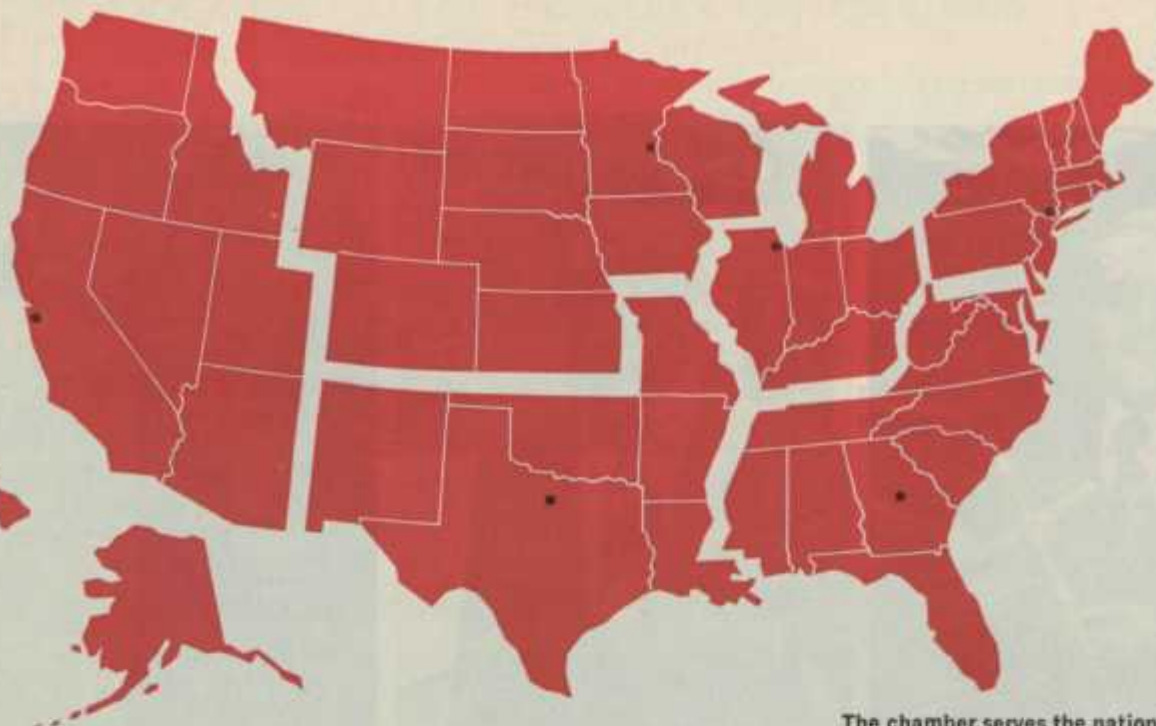
While consumer demands dictate the level of employment, Dr. Peterson points out, "unemployment is made in Washington" by policies that discourage wage flexibility and capital investment.

COMMUNICATIONS

Activity has been stepped up on all of the National Chamber's communication efforts as a result of the organization's expanding scope and the increasing complexity of issues confronting the business community.

The Audio-Visual Department has been renamed the Broadcast Center, reflecting increased emphasis on use of the electronic media.

Other principal communications operations are the News Department and NATION'S BUSINESS magazine. Specific projects include:



The chamber serves the nation through a field organization of six regions encompassing all 50 states. Regional headquarters staffs are based in New York, Atlanta, Chicago, Dallas, Minneapolis, and San Jose.



The enormous increase in business support of National Chamber objectives is reflected in the federation's record growth. William V. Butera, Manager of Membership Sales, sees still greater gains ahead.

How the National Chamber Is Growing

	1975	1977
Total Membership	52,892	65,650
Membership Income	\$11,602,684	\$14,189,262

Largest Membership Categories

Manufacturing	14,353	17,300
Retailing	6,359	9,270

(Other membership categories have shown corresponding growth)

- "Washington Update," a television presentation that is the focal point of a new National Chamber program to get more business leaders involved in public policy. Members of the National Chamber board sponsor lunches attended by business executives in their home areas. The "Update" show, a report on the current status of key Washington issues affecting the business community, is shown at the lunches.

- "Communicator," a two-day media training program to make National Chamber officers, staff, and members better prepared to represent the business viewpoint. The seminars provide professional coaching on how to make television appearances, public speeches, and panel presentations, and how to handle hostile press interviews.

- Addition of public information specialists to the staffs of National Chamber regional offices throughout the country. These specialists will



Lawrence B. Kraus, General Counsel, plays a leading role in the National Chamber's active litigation program.



Donald J. Kroes, General Manager, Public Affairs and Field Operations, supervises regional staff efforts.



Stephen P. Lejko, General Manager, Operations, supervises systems analysis and planning for future programs.

establish liaison with major media outlets, help publicize National Chamber policies and programs, and provide public information support to National Chamber board members and staff within their areas.

New TV show

Other developments in the electronic media area include the upgrading of the National Chamber weekly radio program, "What's the Issue?" and the launching of the monthly TV show, "Enterprise." More than 900 radio stations currently receive "What's the Issue?" and "Enterprise" is carried by 100 cable systems.

The National Chamber News Department remains the day-to-day link between federation activities and the media, dealing directly with radio, television, and press on issues of immediate concern.

News Department activities include the publication of "Washington

Report," a biweekly newsletter that currently goes to more than 300,000 subscribers.

A weekly column written by Dr. Leshner, "Voice of Business," now goes to 600 publications with a total circulation of 22 million. A rewritten version of the column goes to 300 radio and television stations.

NATIONAL BRIEFING CENTER

More than 3,000 leading figures from corporations, trade and professional associations, state and local chambers of commerce, and institutions of higher education have been through the National Chamber Briefing Center since it opened two years ago.

Each group is given an up-to-date report on Washington matters of particular interest to its members. Chamber staff specialists do the briefing and respond to questions.

A group specifies the areas it wants to hear about. The subjects most fre-

quently requested are economic policy, energy, taxes, and regulatory activities.

Some companies are sending personnel to the center in shifts, in order to have the Washington intelligence reach as many top officials as possible. Allis-Chalmers Corp., for example, has sent three groups of 15 executives and will send more.

A unique delegation was the Fifth Congressional District Group, an informal organization of top business leaders from Indiana.

SMALL BUSINESS

The Center for Small Business was launched in mid-1976 to help the National Chamber "serve more fully the needs of small business members and to harness the strength of those members to advance the legislative and other programs of the chamber federation."

Establishment of a Council on Small Business, comprised of 45

Paperwork Pain #2: The Absentee Payroll Clerk

(Second in a series of problems your business can do without)



Carl Jacobs, the chamber's Director of Personnel and Management Services, supervises extensive staff training.



Thomas J. Donohue is Executive Vice President of Citizen's Choice and the National Chamber Foundation.



Amelia Fernandez (left) and Edith R. Showalter check the growing list of membership in Citizen's Choice.

business and organization executives from 24 states and the District of Columbia, was another major event in an intensified program to identify and meet the special requirements of the small business community.

In an address to an inaugural meeting of the council, Herbert S. Richey, chairman of the Chamber of Commerce of the United States, said:

"Our objective should be to have a small business witness as part of a team in every presentation the National Chamber makes on issues which concern small business.

"Most importantly, I challenge you to help us turn out the small business community to take part in legislative and political action in greater numbers. Your potential is huge, and it could be decisive."

POLITICAL ACTION

"We all have a stake in our system and have the resources to do

more. We must do more, for politics is the business of everyone. Otherwise, we will continue to deserve the kind of government we get."

That statement by National Chamber Chairman Richey comprises one of the key points he made as he toured the nation last summer and fall urging greater voter participation in the political process during the 1976 elections.

His principal objective was greater involvement by business members of the National Chamber in the political process of nominating and electing public officials.

Responsive government

Mr. Richey, who is president and chief executive of The Valley Camp Coal Co., emphasized during his tour that voters "must identify their common goals, educate themselves to what is at stake, and work to ensure maximum participation, with the end result being the kind of government

that is responsive to their needs."

His activities were part of a major National Chamber campaign to motivate and educate the membership.

National Chamber specialists on the federal election campaign laws held a series of briefings for business leaders in several locations throughout the country. The business representatives were given up-to-date information on rights, limitations, and potential pitfalls under campaign finance laws which had undergone many congressional changes.

Particular emphasis was put on the formation of corporate political action committees, which are being set up in more and more companies.

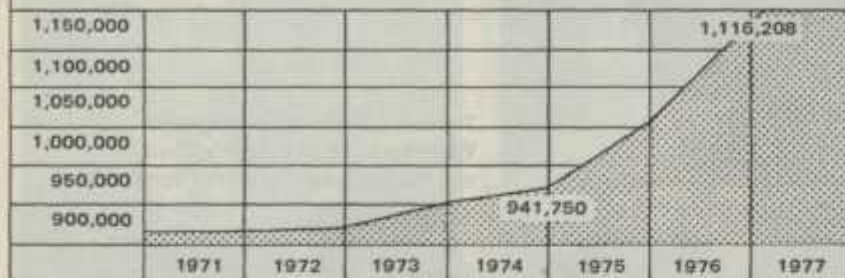
A National Chamber handbook, "Guidelines for Corporate Political Action Committees," was also part of the election-year program.

PAPERWORK

The National Chamber's Government Paperwork Information Ex-



Nation's Business Circulation Growth



Graduates of the chamber's intern program include Pamela Zinn, of the National Pest Control Institute. She is receiving a program certificate from Dr. Leshner and Richard L. Bailly, manager of the chamber's leadership-development activities.



Roosevelt Ivey assembles "Economics for Young Americans" kits, a popular new tool for teaching students about the American enterprise system.

change is providing major assistance to the Commission on Federal Paperwork, a government agency seeking ways to reduce red tape that has proven so costly and frustrating to business.

Through the paperwork exchange, the National Chamber is maintaining close contact with the federal commission. The National Chamber is obtaining and turning over to the commission examples of overlapping, duplication, and obsolescence in government paperwork demands; and it is developing specific proposals for abolishing nonessential government reporting requirements.

Also, the National Chamber and the paperwork commission are co-operating in a continuing project to obtain the views of the small business community on specific paperwork problems.

More than 200,000 questionnaires have been distributed by the National Chamber in two separate surveys,

and a third is about to begin. Results of the surveys are compiled by paperwork commission statisticians and will be reflected in the commission's final recommendations.

ORGANIZATION LIAISON

A National Chamber office has been created to contact various voluntary national organizations outside the business field. They include women's, veterans', social welfare, government, public administration, fraternal, and educational groups.

The new liaison office will identify areas of common interest and explore the possibility of cooperative efforts. Another function of the office will be to obtain the perspectives of the leaders of a wide range of national groups on current issues.

NATIONAL CHAMBER FOUNDATION

The National Chamber Foundation's mission is to "identify, con-

duct, and publish research on issues of critical importance to the stability and continuance of the American enterprise system" with the objective of helping to achieve "the human goals that stem from a healthy economic environment."

Foundation activities include symposia and other meetings, economic education, and research—all related to the enterprise system.

While the foundation is an operating and legal entity separate from the National Chamber, the two are affiliated.

Health-care policy

Current foundation projects include major studies on: national health-care policy, the procedures OSHA uses to set and revise standards, the business image, government policy toward housing construction, the impact of government regulation on technical innovation, the effect of government regulation

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on the cost of small business, technology transfer between developed and undeveloped nations, the relation between minimum wage laws and unemployment, and worker participation in management.

CONSUMER REDRESS

The National Chamber's "Up With Consumers" project is a pioneering effort to provide consumers with easily accessible machinery for resolving complaints.

William K. Eastham, president of S. C. Johnson & Son, Inc., and vice chairman of the National Chamber, says: "The chamber believes that voluntary consumer redress actions by business can and should resolve consumer complaints."

He adds that "this consumer redress program will improve business's credibility."

The National Chamber plan calls for: a people-to-people complaint-handling system created by individual companies; a workable mediation system operated through trade associations, local chambers, or Better Business Bureaus to deal with complaints not resolved at the company level; and an effective small claims court system as a higher avenue of appeal. The National Chamber has developed a model Consumer Justice Act for consideration by state legislatures.

Long-range goals

Against the background of rapid growth and accelerating activity at the National Chamber, Dr. Leshner recently took a moment to reflect on his long-range goals.

"I would like the National Chamber," he said, "to be the vehicle by

which the American business community regains its freedom.

"By that I mean the freedom to prove how well our economic system can work in providing the jobs, the goods and services, the way of life that Americans have or aspire to.

"People don't look to government for those fundamental elements in their lives; they look to our enterprise system. The National Chamber is leading the way in making it clear that individual Americans suffer most from the government controls and harassments that undermine the enterprise system.

"This role makes the National Chamber one of the most important and exciting organizations in America today.

"I'd like to share that sense of importance and excitement with Americans throughout the country." □



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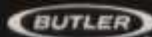
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Meeting the Greater Competition of Tomorrow

BY JOHN W. HANLEY

Where will your company get profits ten years from now? An entrepreneurial organization, says the chief executive of Monsanto Co., must continually ask itself that question. He says big rewards will come to those who dare to make waves



THERE IS MORE ROOM in business today than ever before for the innovative entrepreneur.

This is true because competition in business is becoming more and more intensified.

And the only way in which any business firm can meet keener competition is by having innovative people—freewheeling individuals with a flair for the unorthodox—in positions of responsibility in these three important areas:

- Producing and marketing goods.
- Contributing to the protection of the environment and to the improvement of the quality of life.
- Helping shape a climate in

which business can continue to operate at a profit ten or 20 years from now.

Let us take a look at these areas.

Innovation in producing and marketing goods

The growing needs of society represent vast opportunities in the next decade for business ventures of all kinds. Enterprising companies will be quick to exploit these opportunities,

even though the opportunities may not be within the companies' own product lines.

In our industry, for example—the chemical industry of which Monsanto is a part—we see this exemplified in the accelerating movement of petroleum companies into chemicals. No fewer than 15 major oil companies now rank among the top U. S. chemical manufacturers.

In the face of this mounting competition, our company has no alternative but to keep its technology up to date and to be innovative in every possible way.

There is no safety these days in trying to maintain your traditional role in business. That course of ac-



John W. Hanley is chairman, president, and chief executive officer of Monsanto Co. He is a former executive of The Procter & Gamble Co.

tion leads only to a forfeiture of great future success in an effort to avoid possible small failures along the way.

Record expansion program

Right now chemical companies are in the midst of a record expansion program, overshadowing the efforts of other industries.

At Monsanto, for example, we spent \$528 million in capital programs in 1975, two thirds more than we ever spent in any previous year. For 1976 our capital spending approached \$600 million. And we are spending more than \$100 million a year on research to improve existing products and to explore new areas of future growth.

We are doing this on the basis that, in our business, the great rewards of the future will go, as they have in the past, to those who daringly expand the frontiers of technology toward more sophisticated products.

New uses for plastic

To illustrate, a share of our research and development spending is going into a program for new uses of the company's high-performance engineering plastics.

In the early 1970's Monsanto was the first company to market a mineral-reinforced nylon plastic which struck a new balance of tough engineering properties for certain metal replacement uses.

This new plastic, called Vydene R, is finding uses, for example, in automobile headlight and grill assemblies where weight reduction as well as corrosion resistance are key considerations.

R&D also is leading us to attractive

applications ranging from industrial parts to consumer components.

For textile producers, for example, Vydene R is used in bobbins because its impact strength stands out in various shipping and handling situations.

For makers of power hand-tools, the plastic is being substituted for dye-cast metal parts because of weight considerations. And Monsanto is backing up its faith in the product's future with plant capacity now being built.

Monsanto's confidence in the future of this product is reinforced by the historical profit pattern of the company's herbicide line. A decade ago this line was a drain on earnings. Today it is the most profitable segment of our business, illustrating dramatically the value of technological breakthroughs by entrepreneurs properly attuned to the potential of the marketplace.

Opportunity in herbicides

The first modern herbicide was introduced in the 1940's. Called 2,4-D, it was hailed as a revolutionary development in agriculture, the ultimate answer to the farmer's weed problems. But in the 1950's farmers noticed that 2,4-D (and the herbicides that followed) killed broad-leaved weeds which, while bad in themselves, had been holding the grassy weeds in check. Once the broad-leaved weeds were removed, the grassy troublemakers flourished.

This created an opportunity for Monsanto and our competitors to develop products to control the grasses, which we did quite successfully. That success is the underlying strength of our current agricultural products operation.

After the grassy difficulty was brought largely under control, farmers wanted something that would clear up the tough perennial weeds, those that grow back year after year from huge underground roots. To answer this need, we developed a product designed to kill more than 100 varieties of perennials. This product, Roundup, is now moving into worldwide markets.

Anticipating the farmer's needs, our agricultural specialists are now looking at still another wave of the future. They are working on plant-growth regulators. These are chemicals that theoretically can be applied

to existing plants to alter fundamental behavior—for example, to increase crop yields by growing more plants per acre, growing more fruit per plant, or bringing an entire crop to a common ripening state and thereby permitting mechanical harvesting. The future here is still cloudy, but it is unlimited in scope.

The entrepreneurial organization must continually ask itself where it will garner its profits ten years from now and must make sure that it is preparing the way.

Innovation in protecting the environment

Business in general and large business corporations in particular must assume greater leadership roles and become more innovative in protecting the environment and improving the quality of life.

Business already can point to remarkable advances in environmental control, recycling systems that work, achievements in air and water quality—all of these achievements the result of innovative planning and action by business responding to the concern for the environment shared by all citizens.

A case in point is the world food crisis, where America's innovative agricultural methods offer hope to millions the world over.

The societal problems of America and of the world are enormous. Business has the expertise, the talents, and the means to achieve long-term resolution of many of these problems. But unusual answers must be sought and applied by those entrepreneurs who dare to make waves.

Innovation in shaping the political climate

If business is to continue to operate profitably ten years from now or 20 years from now, the corporations

of our country will have to innovate politically.

This is becoming an increasingly important part of the entrepreneurial responsibility as government units involve themselves more and more deeply in business affairs—and as Congress gives consideration to proposals (ranging from energy controls to national economic planning) that would seriously alter the historical free-market basis of our economy.

Certainly no one challenges the right of the government to protect consumers against gouging sellers, individual workers against unscrupulous employers, or future generations against those who might squander the nation's resources. But we should be smart enough to recognize the burdens as well as the benefits of government regulation.

Regulation spurs inflation

Dr. Murray Weidenbaum, a former Assistant Secretary of the Treasury, makes a persuasive case that the federal government is continually mandating inflation through the largely unnecessary regulations it is adopting. For example, the price of a typical car is about \$320 higher than it would have been in the absence of new governmental requirements.

If the entrepreneurial manager is to carry out his function of building, managing, promoting, and assuming the risks of the business, he must reckon with—and help determine—the changing business climate that regulation and legislation are bringing about.

The manager must do something about it, detail by detail, regulation by regulation, law by law. He must convince government officials to remove laws and rulings that should be removed, to modify those that need to be modified, and to improve the administration of those that remain.

As commentator David Brinkley points out, "The bureaucratic imperative is to go on doing it, whatever it is, and regardless of whether it is necessary."

Making your voice heard

Every business manager, therefore, regardless of company size, should make sure that his or her views are heard and understood when legislation is being discussed in congressional committee sessions. If the manager knows that a bill unfairly

penalizes his industry, simply complaining is not the answer. Come up with a constructive alternate that will work. Congress will listen.

The playwright Henrik Ibsen said the only way to work for a cause you believe in is to get your clothes dirty doing it. Consumerists, environmentalists, and labor unionists are willing to pay the cleaner's bill to get their points across to lawmakers on Capitol Hill and to lawmakers downtown. Businessmen must be willing to do the same, or lose by default.

We at Monsanto, in an effort to make our voice heard on proposed legislation, are working on a grass-roots program to broaden our base of legislative participation by involving our location managers. We are trying to acquaint these managers with the critical issues and encourage them to engage in spirited dialogue with their senators and congressmen. Early evidence suggests that this plan can work.

Supporting the broad public interest

In moving more forcefully into the political arena, businessmen cannot pursue only their own narrow interests. They must be prepared to support the broad public interest, even when it may seem to conflict with their own interests. Free enterprise cannot be justified as being good for business alone. It can be justified only as being good for all of society.

Profit not the sole goal

I wince when I hear some businessmen proclaim that the ultimate purpose of business is to make a profit. Not only are they incorrect, in my judgment, but they are doing a profound disservice to the cause they purport to serve.

The purpose of any business is to supply goods and services to customers to make their lives more satisfying.

If the business firm does an efficient job of supplying those goods and services, it will earn a profit, and this, of course, is vital. But profit alone is not the ultimate objective; it

is only the score of the ball game. The great danger is that we will let the bottom line become, not only the score, but the whole game.

In the ten to 20 years ahead, business will have to participate more fully and more effectively in social and political affairs or see itself drastically and detrimentally regulated beyond belief.

Developing innovative managers

What does all of this add up to?

It adds up to one basic proposition, which is that the corporation, today as never before, must employ, train, and develop men and women to fulfill the entrepreneurial role.

To encourage the creative and innovative spirit, the corporation must provide its people with the opportunity, the motivation, and the freedom to be something more than cogs in a production machine.

I have always been hesitant about defining the precise attributes of a successful manager. There are different kinds of managerial situations that require different attributes. But I think it is safe to generalize to this extent:

- In the past we have usually viewed management development as a means of adapting the individual manager to the organization.

- In the future we will come to look upon management development increasingly as an exercise in adapting the organization to the personal goals and potentials of the individual.

In evolving a management style for Monsanto, we are moving strongly in the latter direction.

Thus far we are organized into six largely autonomous operating companies: agricultural products, commercial products, textiles, industrial chemicals, plastics and resins, and chemical intermediates.

Better motivation

The managing directors of these companies are encouraged to be entrepreneurial managers and to stimulate their key subordinates to make

decisions which result in action. They take this charge seriously.

In each of the operating companies, as well as in the international area and the staff departments, our prime objective is the same: better motivation of the individual.

That goes not just for the so-called organization man, but for the unusual person who marches off from time to time to new barricades and new challenges, an ear cocked to a different drummer.

A glance at any history book confirms the fact that business firms have become successful through a wide diversity of management styles. There is no single route to success and never has been. Nonetheless, a company can effectively pursue only one course at a time, and that course must be carefully delineated.

Rewarding performance

At Monsanto, we are examining the impact of our policies and procedures, of staff relationships, of accountability, and of other elements of the corporation. We want to be certain that we are making the most

effective use of our people and that the people themselves have an opportunity to maximize their own personal development.

We have worked out a new plan to reward performance by tying compensation more directly to results. This plan incorporates broader salary ranges to allow for more growth within each job level.

Qualities for managerial success

These steps are helping create the kind of environment that is needed to stimulate entrepreneurial managers:

- Managers who can accurately read their markets.
- Managers who spot significant opportunities before their competitors do and pursue those opportunities aggressively.

• Managers who are not afraid to alter their traditional modes of operation as the occasion demands.

• Managers who shrewdly calculate the risks and who have the courage of their convictions to take action and to move ahead.

These are the kinds of managers, I believe, who will be needed in any business firm if that firm is to meet its intensive competition in the future and come out atop the heap.

There is plenty of room today for the entrepreneur in all companies, large as well as small.

The entrepreneurial role will be immeasurably expanded in the next ten to 20 years, becoming an increasingly larger part of a larger world business community.

The company that relies on the safer, conventional manager in preference to the more daring entrepreneur will find itself lagging in the marketplace. Its future will be limited. □

REPRINTS of this article are available from *Nation's Business*. See page 62 for details.



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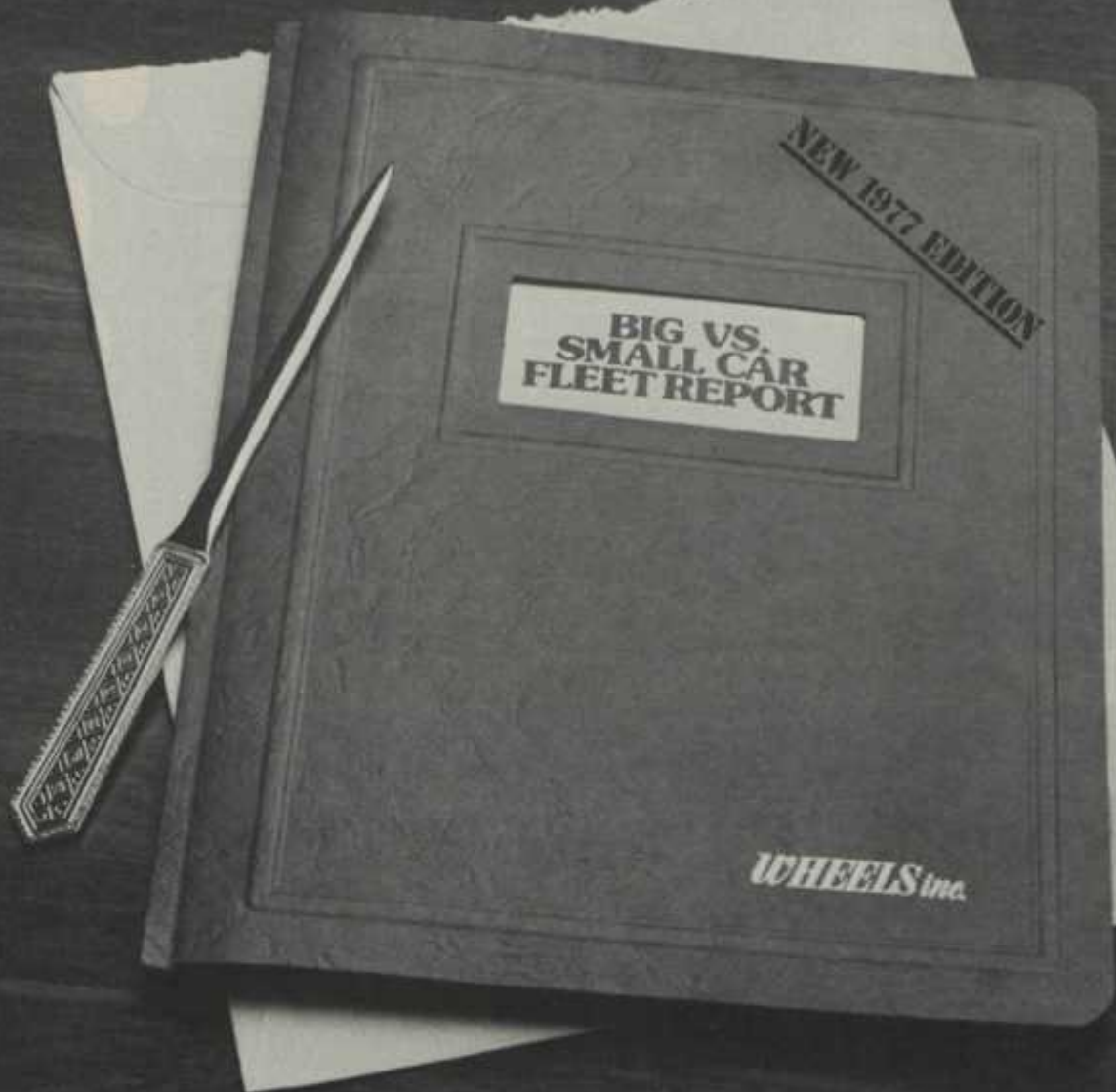
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Prop-Driven Airliners Could Make Comeback

If a concept developed by Lockheed-California Co. engineers for the National Aeronautics and Space Administration proves feasible, jet-powered, prop-driven airliners within a decade could be flying as fast as propless jet airliners do today, but with a significant saving in fuel.

This performance, say Lockheed-California engineers, can be achieved by using a new, high-speed propeller whose design was conceived by Hamilton Standard, a division of United Technologies Corp. The propeller, called a propfan, has eight blades that can be varied in pitch to delay compressibility. Compressibility has limited speeds of prop-driven airliners to about 400 miles per hour.

At the start of World War II, racing aircraft and some new fighter planes were able to reach speeds at which the propeller blades lost their efficiency. This effectively prevented the aircraft from going faster. Jets, developed soon afterward, were not affected by this problem until the planes' wings reached the speed of sound. Eventually, of course, jet planes were built that could overcome the problem.

Following the war, some commercial transports were powered by turboprops, a marriage of the jet engine and the propeller. When fuel economy of jets improved, the prop-driven models were abandoned because jets could attain greater speeds.

As part of the study for NASA, Lockheed-California engineers compared theoretical performances of jet and propfan turboprop versions of a 200-passenger, wide-bodied airliner having a 1,500-nautical mile range. The engineers assumed the turboprop would be able to travel at 80 percent of the speed of sound—the cruising speed of today's subsonic jet airliners.

At that speed, the engineers decided, the turboprop would consume 18 percent less fuel than a jet in covering 1,500 nautical miles.

The propfan also shows a potential for an eight percent improvement in direct operating costs. And, since turboprops are inherently quieter than the propless jet, a plane driven by a propfan might be more environmentally acceptable than a jet plane.

Russ Hopps, Lockheed-California's chief engineer for advanced design and technologies, says the propfan's possibilities have prompted his firm to recommend that NASA fund aerodynamics and acoustics research on the propfan concept. •

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Search Is on for New Sources of Lithium

If lithium-sulfur storage batteries live up to their heralded promise, there could well be a critical shortage of nature's lightest metal, lithium, in coming decades.

The lithium battery, which may be able to store about 20 times more energy for its size and weight than present-day lead-acid batteries, is receiving a great deal of attention from the Energy Research and Development Administration.

ERDA research concludes that, by the year 2000, a small electric auto powered with such batteries could perform comparably to the compact gasoline-powered cars of today. Hundreds of thousands of such electric-powered vehicles could thus be on the road.

Lithium compounds are used for a wide variety of purposes now. They



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are employed in the making of aluminum, heat-resistant glass, ceramics, cosmetics, and paints; in medicine, for treating mental illnesses; and in special lubricants. They also are used in air purification for submarines and spacecraft, and a future use is seen for them in refrigeration and air-conditioning.

Also, lithium is the source of tritium, a key component in the thermonuclear (fusion) power plants planned for the turn of the century.

In the U. S. today, lithium is being mined only from pegmatite deposits near Kings Mountain, N. C. Another source of pegmatite—a coarse-grained, igneous rock—is the Black Hills of South Dakota. But this Black Hills ore is not now being mined.

The pegmatite deposits in North Carolina are unique because the heavy concentration of lithium in them makes refining relatively easy. A water flotation process is used.

There are many lithium-bearing minerals in addition to pegmatites, but in none of them is the concentration of lithium so high. Certain brines rank second to pegmatite in lithium concentration. Other sources include clays and shales. Presently, the cost of processing precludes using any of these sources.

The U. S. Geological Survey says the nation has about 1.5 million tons of lithium in pegmatite ores and 2.6 million tons in brines. Of this total, probably less than one million tons is actually recoverable and can be expected to reach the market by the turn of the century.

About one third of the recoverable lithium will be required for conventional uses, leaving two thirds for new energy-related uses, including batteries. This is less than the amount anticipated as needed for batteries, but the shortage could be made up with imports. There are pegmatite deposits in Canada, Rhodesia, and elsewhere.

The Geological Survey warns, however, that if our domestic lithium resources are exhausted by the turn of the century, the development of fusion power could be severely limited. Accordingly, USGS is searching for new deposits.

Today, the most promising sources, in addition to Kings Mountain and the Black Hills, appear to be rock or sediment deposits in southern Ne-



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vada and in the regions around Jackson Hole, Wyo.; Spor Mountain, Utah; Kirkland, Ariz.; and Hector and Kramer, Calif.

Brines that contain high concentrations of lithium are found in the oil fields of Pennsylvania, Michigan, and Arkansas; at Mono and Searles lakes in California and the Great Salt Lake in Utah; in the Imperial Desert of California; and in the geyser fields at Yellowstone National Park in Wyoming. •

Aerospace Employment Expected to Level Off

After a long downtrend, the aerospace industry now sees a stabilization of its work force at 895,000 by this June. Except for minor gains in 1973 and 1974, industry employment has been in a long-term decline from the peak of 1.5 million workers in 1969.

A year ago, employment stood at 925,000. The Aerospace Industries Association estimates that the aerospace work force had fallen to 893,000 at the beginning of 1977.

A slight upturn is expected in the industry's aircraft manufacturing segment due to new orders from domestic airlines, domestic and international demand for military aircraft, and the continuing strength of the general aviation sector.

Growth is also expected in basic research, nonaerospace products, and avionic equipment.

Employment in the helicopter manufacturing and missile and space sectors continues to decline. •

Solar Cells: Big Drop in Price; More to Come

The Energy Research and Development Administration has announced a dramatic 26 percent drop in the price of silicon solar cells in the six months between March and September, 1976. In the previous 12 months, the price of the cells decreased 24 percent.

During this 18-month period, the manufacture and sale of the cells doubled.

A key reason is the increasing emphasis on solar energy development, with the resulting infusion of federal monies.

However, there is still a long way to go to reach ERDA's 1986 goal of

a cell costing 50 cents that produces one watt of electricity in full sunlight. Last March, the cost of such a peak watt, as it is called, was \$21. The cost had dropped to \$15.50 in September.

An ERDA program of research, development, and market stimulation is aimed at increasing annual solar cell production from the 1975 level of 100 kilowatts to 500,000 kilowatts by 1986. That volume is expected to bring the price per peak watt down to the 50-cent level.

At that price, ERDA believes, solar cells will be able to compete with electrical power from conventional sources in a variety of uses. Solar cells are employed in spacecraft now, of course, and highway departments in southwestern states and some remote microwave stations operated by railroads are using them to recharge batteries.

Commercially available solar cells are now fabricated from semiconductor-grade silicon, which is relatively expensive. ERDA has funded research projects that are looking into other materials, different forms of silicon, and less expensive ways to produce silicon.

At the University of Delaware, for example, scientists have developed solar cells made of cadmium sulfide and copper sulfide that convert 7.8 percent of the sun's energy into electricity. Silicon cells have a ten to 15 percent efficiency.

However, silicon costs \$150 per square meter versus \$1.12 per square meter for the cells under development at Delaware. Scientists at the university are aiming at improving their solar cells so that the cells will have a ten percent efficiency by 1980 and a cost in the range of ten cents to 30 cents per peak watt. •

Good Year Is Ahead for Lumber Industry

An upsurge in home construction means another good year for the softwood lumber industry.

The Western Wood Products Association, which estimates that softwood consumption rose 13.1 percent in 1976 over 1975, predicts another three percent increase in 1977.

This is predicated on 1.6 million housing starts in 1977, up from an estimated 1.5 million in 1976.

Residential construction, which

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normally accounts for about 45 percent of total lumber consumption, dropped to 36 percent of the total in 1975 but is estimated to have climbed back to 41 percent in 1976. If the prediction on housing starts for 1977 holds, 14.7 billion board feet of lumber will be required for housing—600 million more board feet than in 1976.

Improving conditions overseas are expected to increase exports from 1.5 billion board feet in 1976 to 1.7 billion board feet in 1977. U. S. lumber imports are expected to total seven billion board feet in 1977. Imports in 1976 were estimated at 6.8 billion board feet, up 21 percent from the 5.6 billion board feet in 1975. •

Outlook Is Rosy for Copper Industry

The copper industry, which is still recovering from a sales slump caused by the recent recession, should have a good year in 1977, according to a Bank of America report.

Industrial use of copper is expected to be vigorous. Copper's price is expected to rise from the average of around 67 cents a pound in 1976 to about 75 cents in 1977.

The bank's report estimates global consumption of copper increased 15 percent in 1976 over 1975 and predicts a rise of another seven to eight percent in 1977. The report also predicts an increase in consumption of from four to five percent annually between 1977 and 1980 due to population growth, increased urbanization, and improvements in living standards.

The U. S. is expected to continue to rely on Canada, Chile, and Peru to meet needs not satisfied by domestic production. •

Higher Profits Seen for Chemical Industry

The U. S. chemical industry can expect to have higher profit margins in the next half-dozen years than it had in the early 1970's, predicts Arthur D. Little, Inc., the management consulting, engineering, and development firm.

However, the Cambridge, Mass.-based firm, which recently completed a study of chemical industry profitability, has a warning for the industry: To obtain higher profit margins,

chemical companies will have to maintain more realistic pricing policies than those in vogue in the late 1960's.

A. D. Little projects that net return on capital employed in the 1975-1982 period will average close to 11.7 percent for chemicals and allied products.

Over the 1967-1974 period the figure was 9.9 percent.

Chemical sales by U. S. companies are predicted to more than double by 1982, reaching \$228 billion from the \$94 billion in 1975. This will represent a 13 percent annual increase.

A. D. Little projects the industry's growth in real terms at about twice the rate of GNP growth in the next six years.

Donald R. Gibbons, who directed the study, predicts that plastics will pull well ahead of synthetic fibers to become the most rapidly growing commodity group for the industry. •

Lasers Slash Surveying Time

The versatile laser is solving a problem that has plagued surveyors since man first started laying out property lines. The problem: inability to see over hills or through dense forests.

RCA Corp. has received a contract to construct four Laser Rangefinder systems for the Interior Department's Bureau of Land Management. The firm says the systems will enable surveyors to do their work in half the time and at one third the cost.

The systems consist of a laser sender and a sighting device. The sender emits a narrow, vertical beam. The sighting device, which might be on the other side of a mountain, detects the beam and is lowered to ground level. Using the spot the sighting device is now fixed on as a reference, a surveying crew can set the first stake in a true line. The line is then extended by conventional methods back to the laser transmitter point.

RCA estimates U. S. national forests have more than 272,000 miles of property lines, which it would take 24 years of work to survey with current methods.

With 40 of the Laser Rangefinder systems, the job could be completed in 12 years, RCA says. □

5 Questions about Canada



- 1.** **Is Canada the first, second or third largest trading partner of the U.S.?**
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- 2.** **Can you name its largest freight transportation system?**
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- 3.** **Which East Coast Canadian ports are hundreds of miles closer to northwestern Europe than New York or Baltimore?**
Halifax in Nova Scotia and Saint John, New Brunswick — both with tracks right to dockside.

- 4.** **Now how about Canada's West Coast port that's well situated for Japan?**
Vancouver — with the newest West Coast container operation, Vanterm.
- 5.** **What's the best way to ship to Alaska through Canada?**
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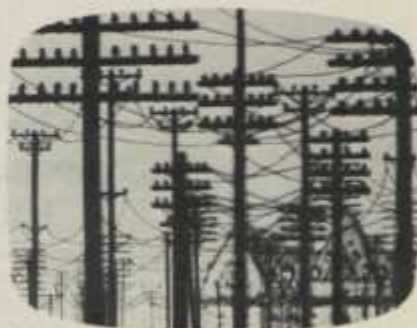
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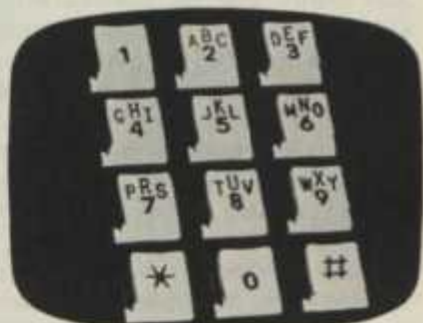
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in celebration of America's Bicentennial.

This is one of a series of educational public service messages being shown on television across the nation. They are based on articles which appeared in Nation's Business.

The Self-Determination of Success

BY DR. LAWRENCE AL SIEBERT

The manager with a survival personality
responds to a crisis by seeing it as a challenge.
He turns difficulties into opportunities

JOHNN SIKES WAS enjoying the first vacation he had taken in years. He had worked hard at building up his specialized cross-country trucking company and was finally able to take his wife on the tour of the Orient which they had long dreamed about.

On an impulse, he placed a trans-Pacific call back to his West Coast office to see how things were going. Afterward he stood in silence for a long time. His assistant had been trying to locate him. Railroads had just announced a new, low-cost shipping service that would eliminate the need for his company.

Mr. Sikes (not his real name) didn't meekly await the end. He took action. He cut short his trip and hurried back. When he landed in Hawaii on his way, he cabled instructions to his assistant. When he arrived on the mainland, he made certain his wife was

headed home safely, and then he left for appointments with railroad and manufacturing officials.

Within 30 days agreements were reached, his company was reorganized, and negotiations were started for land near railroad terminal points. The representatives of the railroads and manufacturers had agreed that, once the trains arrived, the cargo had to be unloaded and hauled to consignees—and that Mr. Sikes's company, with its experience and specialized trucks, should be given the job.

Some people, like Mr. Sikes, survive difficulties in the business world that others with equal training and experience cannot handle. How do they do it?

It is not a matter of luck. Studies I have made show that survivability is mainly the result of certain personality characteristics.

He is his own master

A man with a survivor personality is self-determined. He is in control of what he does with himself. He adapts easily to other people and is pleasantly cooperative.

If it suits him, he may even allow others to think they are controlling him. He rarely makes a show of how independent he can be. But when he decides to stand up for something he knows is right, he has the ability to do so. He can resist pressure from powerful groups or from friends and loved ones.

This quality of self-determination is linked with having accepted full responsibility for what happens in his career. His attitude is that survival in business is his responsibility—not that of customers, co-workers, bosses, government agencies, or economic conditions.

His sense of responsibility shows through in the way he remains tuned in to the world around him. He observes people and groups—partly out of curiosity and partly to keep up with what is happening. He is alert to new developments.

When there is trouble, he shows up and is quick to help out. He is a foul-weather friend who can be re-

DRAWINGS: CHARLES A. BURN



Meet another successful independent businessman.

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Can handle crisis

lied on to be extremely alert when a crisis develops. He doesn't panic or become emotional. If anything, he is less emotional in a crisis than he is ordinarily. As a matter of fact, he is likely to make some humorous observations about the crisis. People may be puzzled by this, but his ability to laugh at what is happening helps explain why he survives. Research has demonstrated that human behavior generally is less efficient when people are highly worked up over something.

He is tenacious

Another quality he shows in a crisis is the ability to pause and look things over before taking action. He holds back, if only for a few seconds. He quickly scans the total situation to get as much information as possible before he acts.

Once he swings into action, he works with tenacity. He allows no one to tell him what he cannot accomplish. When there are setbacks or delays, he doesn't make excuses or blame others. He is a scrambler. He adapts to whatever develops, no matter how serious or unexpected it may be. He turns difficulties into opportunities.

The person with a survivor personality responds to a crisis by seeing it as a challenge. He is determined to handle whatever happens. This determination to get back on top is one source of the motivating power that keeps him going.

He is creative

He handles difficulties in a creative way. His determination to find a workable solution often results in one that ignores established rules or procedures.

He has confidence in his creative ability. He can commit himself to handling a problem, not certain how he is going to do it, but convinced that somehow he will.

His observing attitude helps him to be creative as he watches the world around him and studies how things work without necessarily passing judgment on

what he sees. He is capable of finding something positive and valuable in people or events that others condemn as evil or sick.

Another quality which contributes to his creativity is sensitivity to his own inner feelings. A slight tenseness in himself can be set off by anything—someone's tone of voice, a group's quietness, an event that doesn't quite make sense. Once he is alerted, part of his attention will remain focused on what isn't right until the situation becomes clear.

His ability to read his inner feelings gives him an ability to follow hunches—something at which, in general, women are better than men.

The sense of humor that is one of his attributes also contributes to creativity. By poking fun at something that is happening, he is playing with it. This allows him to view it from many different aspects and increases his chances of coming up with a useful idea.

He can back up, too

His striking flexibility and adaptability are possible because he has oppositional control in his personality.

Reporting some years ago on research into why living creatures have the ability to survive in a world so full of dangers, a scholar said we have that ability thanks to opposing systems in our bodies. We can move toward or away from objects and reach out or pull back because we have both flexor and extensor muscles. These muscles are antagonistic—that is, they work against each other.

Different emotional states, such as anger and contentment, are possible because the sympathetic and parasympathetic nervous systems work against each other.

In similar manner, a person most skillful at adapting and surviving has traits that work in opposition to each other. Such a person is both gentle and tough, mature and childlike, serious and humorous, friendly and distant, placid and discontented, cowardly and courageous, lazy and hardworking, trusting and cautious, involved and detached, a leader and a follower, quiet and talkative, shy and bold, impulsive and thorough.

Having oppositional traits is like building a reverse gear into an automobile. Similarly, an elevator is able to move up and down in a building because the car is counterbalanced by weights.

It is the same with human beings. If a person can be only one way, he is greatly restricted in what he can do. The more pairs of oppositional traits he has, the better off he is, because this leads to increased flexibility and a wider range of possible actions.

Some people with survivor personalities do not have all the traits listed, and all have some traits not listed. While they share some characteristics, each is a unique person with individual complexities. The only truly common quality they have is that they survive. □

DR. SIEBERT is a Portland, Oregon, psychologist and the co-author, with Dr. Timothy L. Walter, of "Student Success: How to Be a Better Student and Still Have Time for Your Friends" (Holt, Rinehart, and Winston, 1976). Reprints of this article are available from Nation's Business. See page 62 for details.

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Lessons of Leadership

How Basic Management Principles Pay Off

Bill Battle had no experience in the textile industry when he was chosen to head Fieldcrest Mills, but he has overcome major obstacles and led the company to increased sales and profits

PHOTOS: JAMES POOTE



WHEN William C. Battle took over the presidency of Fieldcrest Mills, Inc., what he knew about the complex textile business could have been inscribed in a small pamphlet with large margins.

Bill Battle did know about the United States Navy, politics, diplomacy, and the law. He had been involved in all of them at one time or another.

His main line of work was in law—he was senior partner of a prestigious firm in his hometown of Charlottesville, Va., a pleasant little city at the foot of the Blue Ridge Mountains. There Mr. Battle had gotten a B. A. degree and a law degree at the University of Virginia.

A onetime ambassador to Australia and a member of a prominent Virginia family, Mr. Battle is skilled at helping people to get along well with each other.

It was this managerial talent which led Fieldcrest executives and directors to go outside the company and the textile industry and bring him in as president and chief operating officer in 1971. In 1972 Bill Battle was promoted to president and chief executive officer.

The choice obviously was good. Fieldcrest, a manufacturer and marketer of household textile products ranging from towels to carpets, had sales of \$244 million in 1972. Last year sales reached a record \$345 million. Net earnings increased from \$7.5 million in 1972 to \$12.5 million in 1976—and the increase would have been even more dramatic were

it not for the company's adoption of the last-in, first-out accounting method. The LIFO method, by eliminating inventory profits, substantially reduced the company's net.

Bill Battle, 56, is only the third man to run Fieldcrest. Fieldcrest became a separate company in the mid-1950's, when Marshall Field and Co., the Chicago department store firm, divested itself of its manufacturing arm. The first two presidents of Fieldcrest were textile men.

Soon after Mr. Battle took charge, he found the textile industry in trouble. There were problems of oversupply, inflation, high interest rates, increasing imports, energy shortages, and the 1974-75 recession.

Bill Battle had to tighten up management, drawing together divisions and coordinating loosely knit operations. Fieldcrest has operations in 12 states from coast to coast and border to border, and in Switzerland. Company headquarters are in Eden, N. C., and New York City is the main sales point.

In dealing with the problems that faced the textile industry and Fieldcrest, Bill Battle became a textile expert.

He is a top-of-the-line administrator running a top-of-the-line firm. In this interview with NATION'S BUSINESS, he tells what it is like to practically reconstitute a company. He also has some interesting things to say about business problems with government regulators and about himself, including how he helped fish a young man out of the sea during World War II. That young man later became President of the United States.

Mr. Battle, you are a lawyer running a manufacturing and marketing firm. Do you find that unusual?

Not really. Many lawyers go into management. Any executive is going to be better versed in some aspects of the business he's running than in others. The important thing is to be able to analyze the problems of your

company and recognize what you know and what you don't know. Having good people in the chain of command and having a chief executive who is willing to delegate responsibility are essential to good management.

Many problems today in business involve questions of law.

Law is a good background for almost any kind of business if the lawyer has qualities in addition to understanding the law.

In 1972 you became chief executive of a company in disarray. In 1974 the recession struck. What do you recommend in such situations?

Fieldcrest had the image of a fine company. The challenge was to keep that image and improve on it.

First I satisfied myself that I had capable people in key jobs. Then I made it my business to bring these talented people together and to mold them into a working unit aimed at improving the balance sheet.

Once it seemed that Fieldcrest was three different companies—a marketer of bedroom and bathroom textile products, a marketer of carpets, and a manufacturer. Fieldcrest just was not pulling together.

After I joined Fieldcrest I called a meeting of executives of divisions. I learned that this was the first time they had sat down together to plan overall corporate policy.

Now we move people between divisions and give them the feeling that their horizons are widened and that they must not look only at one division, one pipeline to the marketplace.

We don't go in for nit-picking or peering over shoulders. We are not afraid to have talented people ranked beneath us. We want to provide for competent successors. Here, succession is not happenstance. The better people perform, the better the company performs, the better I perform.

You mentioned improving the balance sheet. What did you do?

Formerly our ratio of debt to equity was too high, for one thing. Dividends were too high in relation to profits. There was duplication in bookkeeping, and inventories were out of balance.

Now we have a program that is reducing debt and bringing our debt-equity ratio into better balance. We changed our basic accounting from

**"We are not
afraid to have
talented people
ranked
beneath us."**

first-in, first-out to last-in, first-out; we reduced the dividend during the recession; bookkeeping duplication was eliminated; inventories were consolidated and reduced; and short-term borrowing was reduced by more than \$25 million in two years.

We were the first textile firm in the country in 1974 to start close-downs to help control inventory during the recession. We told our people we expected to reopen soon, and we established schedules for each mill which staggered the close-downs in such a way that the employees were able to get maximum unemployment compensation payments. We were confident that close-downs would in the long run make jobs more secure and the company healthier.

This turned out to be true. We tightened our belts, and we directed our attention to profits rather than sales.

During those rough days we did not show a loss. We had a profit in each of the recession years.

Another thing about sales: We use



"We use more discipline now in deciding what to produce, rather than going to market with a number of new items and hoping one of them will be a hit."

more discipline now in deciding what to produce, rather than going to market with a number of new items and hoping one of them will be a hit. This policy has been a big help.

You are said to be both gentlemanly and tough. How do you manage that?

I'm not sure that statement about me is true.

However, I do not think you have to be rude or malicious to be firm. Fairness is the big thing. You may have to fire people, but do your best to be sure they always leave with the knowledge that they were treated fairly. And you do not have to be aloof. Keep the executive door always open.

Mr. Battle, how can business do a better job of alerting the public to unfair regulating by government?

Frankly, there have been transgressions by business, and much of what we businessmen say is suspect. As a result, government regulations have been instituted and the pendulum has swung, bringing us an extreme of government interference. The regulations are too costly. They increase the price of items to consumers and make business more difficult. Some environmental and health protection measures are impractical and unachievable.

Business should resist such regulations at the administrative and court levels. This would attract the attention of the public. Industry and

labor should work together because some government requirements will result in putting plants out of business. Labor doesn't want that.

Does the Occupational Safety and Health Act hurt your industry?

Yes. We are very conscious of the need to guard the health and safety of our employees. However, some past abuses in certain parts of the industry have opened the door to government intervention. Such intervention grows because it brings on government people who are determined to create—and then protect—their own areas of activity.

Soon business and government become adversaries. This is unfortunate. Government often gets involved in an industry through the Occupational Safety and Health Administration because industry has been callous. And industry fights government because government's demands are unreal. In the end, some health and safety problems can be solved, some cannot. But the adversary relationship continues, and it festers.

For example: You cannot make a weaving room in a textile mill like your parlor at home. But sometimes it seems that this is what the government intends that you do.

One punishing side effect of the adversary relationship between government and industry is that American companies are penalized through lack of Washington cooperation at a time when foreign competitors are getting help from their governments. In many countries industry and government are partners. Not in the United States. Here government often not only overregulates, but it issues regulations running counter to other regulations.

Can you give some examples?

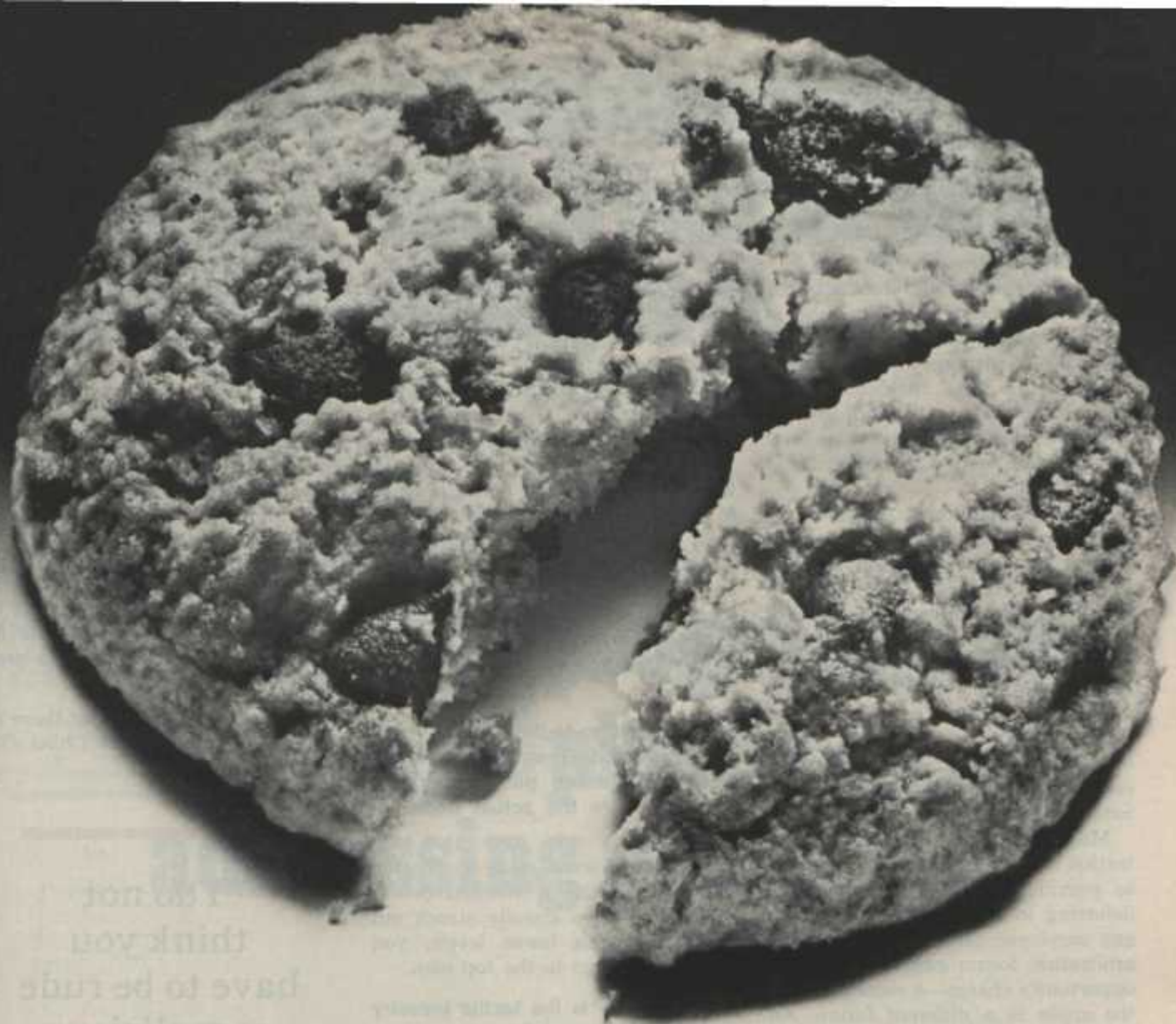
That is not at all difficult.

Flammability regulations for textiles sometimes require use of chemicals which pollute the air and water. Also, the chemicals sometimes are toxic to people.

To meet regulations on control of cotton dust, we have to increase energy use, which in turn violates energy conservation goals.

Energy-related regulations require some plants to burn coal, while environmental regulations call for them to use fuel oil.

The federal commission on paper-



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work gives every indication of simply adding to the paperwork we must do for the government.

Occupational Safety and Health Administration regulations are violated by government requirements for hiring handicapped persons.

Earplugs and radio headsets are approved for use on flight lines at noisy airports, yet OSHA does not allow use of earplugs and headsets in noisy textile mills. Incidentally, the noise levels in a textile mill are nowhere near as high as the noise level at a cocktail party where everyone is talking at once.

Equal Employment Opportunity Commission rules prohibiting race-related information on job applications are in conflict with government requirements for hiring members of minorities.

The National Labor Relations Act's bargaining requirements are violated by Equal Employment Opportunity Commission and Office of Federal Contract Compliance requirements involving unilaterally modified seniority systems.

Management must abide by arbitration awards where labor contracts so provide. NLRB has a policy of deferring to arbitration awards, but any employee failing to win in the arbitration forum can file an equal opportunity charge—a second bite at the apple in a different forum. An employer should be able to rely upon one process of dispute resolution.

In the pension area, the Labor Department and Internal Revenue Service have regulations that are conflicting.

There are other conflicts, but these should get the idea across that government regulation often is a case of damned if you do, damned if you don't.

You are an exponent of direct contacts between business and political leaders. Why? How should these contacts be made?

Business leaders must participate in the political process—by supporting candidates, including actively campaigning for the candidates; by running for office themselves; or by actively advising people who hold office. If business people do not take part in the political process, it will be difficult for them to recognize changes that are taking place or that are planned by political leaders.

Contacts must be on local, state, and federal levels. How else can business people make their particular views known in the political process?

To make their points effectively, business people must be reasonable and objective. They should visit, write, or telephone their political contacts often and offer constructive as well as critical advice. They should not wait until they are offended by some political move before becoming critical. Often it is too late then to alter the political course.

Political leaders welcome constructive, objective suggestions designed to help in the art of government. At least I have found this to be true.

I also know that making financial contributions to candidates is the least effective, least long-lasting method of participation. You cannot buy good representation or good government.

You yourself go to the highest levels of government. Doesn't this antagonize lower-ranked public servants, who often are the actual decision-makers?

I don't advocate going to the top until an impasse is reached below. But if you have already struck out with people on lower levels, you might as well go to the top man.

How seriously is the textile industry penalized by imports?

We suffer, but things are going to get worse.

Under international agreements on textiles, the United States makes bilateral arrangements with underdeveloped countries. The State Department then sets unrealistically large quotas for textile shipments from these countries to the U. S. Often these countries do not fill their quotas. But the quotas are there, and new textile mills are constantly being established in these countries, giving them a production potential greater than the market growth in the U. S.

The U. S. already gets an enormous influx of textiles from abroad, and when the new textile-producing nations start filling their quotas, we will be flooded.

Also, consider that the U. S. has given a \$90 million, 40-year loan at two percent to Egypt to build a textile mill. Now the Egyptians want the U. S. to assist them under Public Law 480 to buy 100,000 bales of

American cotton to be used in the mill along with Egyptian cotton. When this Egyptian operation gets going, we will see more imports.

Many textile executives complain to the Secretary of State. Secretaries of State understandably are more interested in international relations than in our domestic economy. So you must go to the Secretary's boss—the President.

Labor in our industry is as concerned as business. Together, we should have the muscle to protect the industry, save jobs, and hold down domestic prices. Keep in mind that our industry is as low-cost and efficient as anything abroad. But we are not subsidized, as so many foreign mills are.

Are imports from the People's Republic of China going to be a problem?

Our big complaint is that there are no trade restrictions for China. The

**"I do not
think you
have to be rude
or malicious
to be firm."**

Chinese have unlimited access to our markets. A tariff is levied, but when you have a totalitarian government that subsidizes all industries, as the Chinese government does, a tariff means little. The government over there simply absorbs the tariff and sees to it that Chinese mills get their products into the U. S. anyway.

The textile industry has been called reactionary toward its employees. Would you comment on that?

The industry is not reactionary toward employees. Many textile executives in the past were slow to make changes in company operations, but second and third-generation textile people are now in charge;

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What do you do to relax?

I enjoy the outdoors. I play tennis or golf, and I hunt or fish. It is amazing how one day of walking in the woods with a dog can improve your attitude. I wish I had more time to do these things.

Fieldcrest's headquarters are in Eden, N. C., and I keep open the family home in Charlottesville, Va. So this calls for weekend traveling. My relaxation time is reduced.

Your father, John S. Battle, was a Virginia governor, and you ran unsuccessfully for governor. You must have a feeling for politics. Any chance of involving yourself again?

I have a commitment to Fieldcrest. I doubt that I will ever run again.

However, I was brought up with the idea that responsible citizens owe a debt to society. Involvement in politics is a very important way to repay this debt. I have tried to be involved in a responsible way, and I will continue to have a vital interest in public affairs.

Being a southern Democrat, do you know President Carter?

No. But I supported his candidacy, even in the early primaries.

Is business in general better off under Republicans or Democrats?

You would get different answers to that from different people. Actually, I suspect that business gets along better under Democrats in the long run.

A patrol torpedo boat which you commanded was one of two PT boats that fished John F. Kennedy out of the ocean after his PT boat was sunk during World War II. Did you realize you were rescuing a man with so much potential?

I knew Jack Kennedy. We were both in a small group at a remote PT base which actually was behind Japanese lines. We were youngsters then, but I knew he had political potential, although I didn't know how much.

He was able and dedicated. His

basic motivation was serving the country. He had great patriotism. He also had a good sense of history and of the fact that today's actions would be history tomorrow.

Actually, I think Jack had planned to do more teaching and writing than actively taking part in politics. However, after his brother Joe was killed in the Royal Air Force, Jack became the eldest son and more or less assumed the political mantle which had been Joe's.

Jack was always a fun-loving fellow. In addition to his high intelligence, one of the qualities that stood him in good stead was his sense of humor. He had an ability to laugh at himself.

What led to your appointment as ambassador to Australia by President Kennedy?

I worked for him in the 1960 primaries and his election campaign that year. During the transition days after he was elected, we were often in touch. Then I went back to the practice of law, and he undertook his new responsibilities.

Byron White had been our squadron intelligence officer in the Pacific, and the three of us had been good friends. When President Kennedy named Byron to the Supreme Court, I telephoned the White House and told Evelyn Lincoln, the President's secretary, to tell the President I thought the appointment was great. She asked if I didn't want to tell the President personally. He was standing nearby.

He came on the phone, and we talked a bit. He said I was one member of the old group who was not on his new presidential team.

I told him I was quite happy practicing law in Charlottesville. Then he started naming off positions that might interest me. He mentioned the Australian ambassadorship, and I said that sounded interesting. I said that I wanted to talk it over with my wife and that I would call him back.

I did call back, and I told him I would be happy to take the job if he were willing to take a chance on me.

His only remark was: "I've taken greater risks." □

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The Role of Foreign Investment in the U.S.

BY ALFRED BRITTAIN III



Mr. Brittain is chairman of Bankers Trust New York Corp. and its principal bank subsidiary, Bankers Trust Co.

FOREIGN INVESTMENT in the United States has become an economic and political issue.

While a flood tide of publicity on the subject has receded from the high watermark of a year or so ago, when Congress was considering restrictive legislation, none of which passed, the issue still packs an emotional wallop for many Americans. For example, rumors of an imminent "Arab takeover" of a large company in Utah prompted quick passage of a state law calling for a 20-day cooling-off period before any tender offer could take effect.

What are the facts about foreign investment in the United States? Should Americans feel threatened?

Creating new jobs

It is often forgotten that new or expanded investment, from whatever source, can provide new markets for a host of supplier firms, as well as new jobs.

We have had foreign investment in this country almost since our founding. Capital from abroad helped finance huge sections of the 19th century rail system that tied America together. Foreign investment has

been proceeding apace in the U. S. for decades.

The attractiveness of the American economy and market is the primary cause of foreign investment in this country. Other lures include our political stability, a lower rate of inflation than exists in many countries, and in many cases a more productive work force. The devaluation of the dollar vis-à-vis the strong currencies of some nations also has given investors in those nations more buying power in America.

Investment can take many forms, but its most dramatic aspect is the takeover. Whether domestic or international, these tension-packed corporate dramas play to a full house of national and local press. When a foreign firm is the bidder, the publicity and shock which can be generated are enormous.

Thus, when Société Imetal, a French metals concern, made a cash offer in late 1975 for the stock of Copperweld, a Pittsburgh-based company, the local community rallied to Copperweld's management in an effort to block the bid. Pickets bearing signs reading "Go Home Frenchie" descended on the office of the dealer-manager of the tender offer. In Washington the French Embassy, the Capitol, and the Federal Trade Commission were picketed. Copperweld suppliers and customers, as well as mayors and citizens of towns where the company had plants, were asked to deluge their congressmen with letters and telephone calls. In the end only the post office and the telephone company benefited from this outpouring; some 69 percent of Copperweld shares are now owned by Imetal.

New Middle Eastern wealth

This type of reaction is not the norm, but it illustrates how Americans in some instances have reacted to foreign investment. Superimposed on this anxiety is awareness of the tremendous new financial resources of the Middle Eastern nations—nations with which most Americans have not had any extensive contact. After the jump in oil prices took effect in 1973, it did not take long for predictions to circulate of an imminent Middle Eastern takeover of major sectors of American industry.

When the atmosphere is filled with misconceptions and charged with

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emotion, it is difficult to convey a balanced, meaningful assessment of foreign investment in the United States and its benefits to the American economy. Though anxiety on the subject has subsided somewhat, we may be experiencing only a lull in the storm, because direct foreign investment will continue to accelerate, I believe. This seems a good time to begin explaining more fully to the public and to many of our political leaders the actual situation.

For example:

- Direct foreign investment in the U. S. reached \$30 billion at the end of our bicentennial year and definitely is on the upswing. Nevertheless, it equals only about one percent of total capital investment in this country. What's more, such investment is only about one fifth of our direct investment abroad, which totals around \$150 billion.

- More than half of the foreign investment in American corporations is portfolio investment—holdings acquired primarily for appreciation and income—although the proportion of portfolio to direct investment has been declining in the past five years.

Surplus declines

As noted, Middle Eastern investment appears to trigger greater furor than investment from other regions of the world. What funds do the oil-producing nations of the Middle East have available for investment outside their own region, and how are they allocating their resources?

Last year members of the Organization of Petroleum Exporting Countries had about \$43 billion available for investment abroad, versus about \$40 billion a year earlier and some \$60 billion in 1974. The great bulk of these funds was Middle Eastern. So the OPEC investable external surplus has declined from the peak of 1974, due in part to the worldwide recession and in part to increased internal investment by the oil producers. The 1977 investable surplus is expected to approximate that of last year.

There has been a definite change in the pattern of the oil producers' external investment in the past three years, both in terms of geography and type of investment. The U. S. portion of this investment flow has risen to 30 percent, from 20 percent in 1974. Other developed countries,

the Eurocurrency market, less-developed countries, and international institutions such as the World Bank also are investment outlets for this money.

More funds into stocks

In 1974 the governments of the oil producers were placing investable funds not used for internal development in short-term assets such as bank deposits and Treasury bills. Later, as the financial markets calmed down and all parties involved became more accustomed to handling the huge surpluses of the oil-producing countries, there was greater willingness to invest somewhat longer term in stocks as well as in corporate and U. S. government notes and bonds.

Final figures for 1976 are not tabulated yet, but in the first nine months OPEC investment in this country totaled \$9.7 billion, of which \$7.3 billion came in the form of bank deposits and portfolio placements. Real estate and other direct investment totaled roughly \$2.4 billion. One benchmark to measure this against is the market capitalization of all New York Stock Exchange-listed companies, which topped \$800 billion on Dec. 31, 1976.

The purpose of giving these statistics is not to belittle the importance of foreign investment in this country. Investment from abroad has helped us finance our soaring national debt through the purchase of U. S. government securities. It has brought us new products and services, new jobs, and new ideas.

They must conform

As for anxiety over foreign control, American multinational banks and corporations know well that when operating abroad they must conform to the rules of the host country. The same situation does and will apply in the United States for foreign-based firms.

American business and the American people cannot afford to turn away foreign investment. If we attempt to do so, it could hamper our own growth and create an international climate of protectionism. With three out of five exporters in this country employing 100 people or less, such a development would harm all business, not just big multinational companies. □

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Tightening Up Unemployment Pay Rules

Changes in the unemployment compensation program may be coming soon as new controversy takes shape. This background article is based on reporting from Washington and a Nation's Business survey of state unemployment insurance administrators

IS THE UNEMPLOYMENT compensation system in this country so generous that it discourages people from looking for jobs?

Is the 42-year-old system so badly out of tune with the times that it is overdue for a complete overhaul?

These questions are being asked with increasing frequency as the system struggles to recover from the multibillion-dollar drain on its resources caused by a prolonged period of comparatively high joblessness.

Equally serious concern continues to be voiced over many abuses which occur as millions of out-of-work Americans avail themselves of unemployment benefits.

Ironically, according to some state administrators of jobless insurance, not enough concern is being shown by the group that shoulders most of the burden for these benefits—the employers.

\$35 billion in two years

In the past two years alone almost \$35 billion has been paid out under the program. The lion's share has come from employers. Twenty-two states ran out of money and had to borrow from the federal government in order to keep unemployment benefits flowing. Even the federal government's special fund for this purpose was exhausted at one point, and Uncle Sam had to dip into general revenues to finance the states.

Former President Ford appointed a special commission to review the

whole concept of jobless pay and come up with recommendations for bolstering and improving the system.

How much abuse—or outright fraud—has taken place is not known. Illegitimate claims have been estimated to range nationally from one percent of the case load to as high as five percent. Congress has considered several bills to tighten up surveillance, but many states report they do not have the manpower to police the system.

Major and minor fraud

According to the U. S. Department of Labor, the states reported 103,307 cases of minor fraud in fiscal 1976. In addition 9,952 cases of criminal fraud were turned over for prosecution. This compares with 81,130 cases of minor fraud and 10,397 cases of serious fraud in the previous fiscal year.

There is general agreement that some improvements in the system must be made because conditions have changed measurably since unemployment compensation was launched in 1935 as part of the Social Security Act. The nation was in the midst of its worst depression then, and the typical victim had been out of work for a year or more. Many had seen their life savings go down the drain. Jobs were far scarcer and wages were pitifully low—situations which did not encourage job-seeking.

These conditions do not prevail today.

Although unemployment insurance is a joint federal-state undertaking, each state administers its own program. As a result, there is wide variance. Benefits range from as high as \$165 a week in Connecticut to as low as \$63 a week in Texas. Some states vigorously see to it that claimants conscientiously seek work while they collect benefits; others simply pay the benefits with few questions asked.

When Congress set up unemployment compensation, it envisioned a program of short-term relief with benefits running no longer than 12 to 16 weeks. By 1953 most states had extended the benefit period to a maximum of 26 weeks. This, in turn, was increased to 39 weeks; 52 weeks; and finally, in some states, to 65 weeks.

The ability of the states to crack down on fraudulent claims was severely set back in October, 1975, when the Health, Education, and Welfare Department halted the states' practice of matching claims against Social Security deductions filed by employers. HEW held that this violated provisions of federal privacy laws. The Labor Department is seeking to lift the ban.

Policing claims

Thirty-nine states have gotten around the HEW barrier by calling in wage records from employers, which they can do legally. So if a John or Jane Doe files an unemployment compensation claim and his or

her name pops up as still being employed, the culprit is caught up short.

As with any program where billions of dollars are paid out, somebody will always find a way to beat the system. Some boast that doing so is easy. Outside a Louisiana state employment office in New Orleans a self-described "actor-computer programmer" told a reporter:

"There are a million loopholes, but most people are not smart enough or educated enough to find them. Unemployment compensation creates a sort of utopia. It lets people work for a year and be on vacation for a year. Of course, you can't live like a king, but it gives you a chance to travel around, and that's the American dream."

Unemployment compensation, as originally conceived, was intended only to give a temporary helping hand to those thrown out of work through no fault of their own. Today, however, many simply quit their jobs when they find unemployment compensation will bring in almost as much money as working—and last for as long as 65 weeks in some cases.

Many in middle class

Many others who draw jobless pay really are looking for jobs but don't need unemployment compensation to tide them over. In fact, some studies show that middle-class wage earners make up the largest group of unemployment compensation recipients.

Because of their prominence, professional athletes capture headlines when it is revealed they are collecting unemployment compensation. The "Chicago Tribune" one day last May topped its sports section with this headline:

"Worth half a million—and on unemployment."

The story involved former pro-footballer Marv Fleming, who qualified for unemployment compensation as an out-of-work actor in Los Angeles. He was quoted as saying:

"I'm very solvent, but that has nothing to do with it. I'm unemployed. That's why I draw unemployment. I paid into it, so why shouldn't I?"

The fact is, employers—not employees—pay the premiums for unemployment insurance.

Rep. J. J. Pickle (D.-Texas) in-

serted in the "Congressional Record" a news story showing that a number of Milwaukee Brewers baseball players were collecting jobless pay during the off-season.

"I believe this amply illustrates that there is much room for improvement in the field of unemployment compensation," Congressman Pickle told his colleagues.

Blunts incentive to work

Federal Reserve Chairman Arthur F. Burns says it is imperative that governmental practices affecting labor markets be reviewed so that

lasting measures for reducing unemployment can be established.

The present unemployment insurance system, he asserts, "may be providing benefits on such a generous scale as to blunt incentives to work."

According to the Morgan Guaranty Trust Co., of New York, more and more economists are raising questions about the proper role of the jobless benefits program, especially its impact on work incentive.

Leonard M. Greene, president of The Institute for Socioeconomic Studies, White Plains, N. Y., comments:

The Outlook for Congressional Action

WHAT'S AT ISSUE: How to restructure the unemployment compensation system so that it can better serve the needs of the employers who finance the program and employees who receive its benefits.

REASONS FOR CHANGE: While the system has generally worked well, Congress, state legislatures, and the courts in recent years have saddled it with a variety of tasks better suited to agencies handling welfare and the hard-core unemployed. Evidence of abuse and mismanagement has produced demands to federalize what is largely a state program and to change the experience-rating method by which employers are taxed to finance jobless pay benefits.

THE BUSINESS VIEWPOINT: Control of essential details of the program should stay in state hands. The federal government should continue handling overall administration and deciding which jobs should be covered by unemployment compensation. Business opposes moves to let the federal government set standards on benefits and establish benefits' duration.

THE OTHER SIDE: Organized labor

supports a federal takeover of these standards from the states.

WHAT TO WATCH FOR: Congress will decide whether to extend two temporary federal programs which were enacted at the peak of recession-caused unemployment to bolster state activity.

One of these, the Federal Supplemental Benefits program, which aids workers who exhaust their regular state benefits, expires March 31. The Carter administration favors extending the program for another year, but with benefits running a maximum of 52 weeks instead of 65 weeks. Organized labor and a bloc of liberal senators are pushing for continuation of maximum benefits.

The other, the Special Unemployment Assistance program, provides benefits to workers outside the reach of the regular system. This includes domestics, farm workers, and many state and local government employees. Although this program expires next Dec. 31, about 90 percent of those covered will continue to be covered under regular state programs. State and city governments are pressuring Congress to extend the program as is to Jan. 1, 1979.

"Benefits to the unemployed are high enough now so that some workers receive only a marginal gain in income when they return to work."

Tax-free income

Pointing out that the average unemployed person can draw 60 percent of his previous net earnings, Mr. Greene reminds that payments are not taxed. Wages of employed workers, on the other hand, are taxed by the Social Security system, the Internal Revenue Service, and often by state and local governments.

Martin S. Feldstein, professor of

economics at Harvard and an adviser

to President Carter during his election campaign, favors taxing unemployment benefits as though they were regular income. He stops short of saying that such benefits are too generous, but he says that the size of the benefits "makes people fussier about the jobs that they take, and it makes them look longer for jobs."

Prof. Feldstein's comment is supported by a Brookings Institution study which found that people on jobless pay remain unemployed as much as 31 percent longer than those unemployed people who choose not to collect insurance while seeking work.

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"I believe the unemployed person has ceased to be the responsibility of the employer community and has become the responsibility of society in general," Mr. Barrett says. "Therefore, after 39 weeks of unemployment, some other social program should be designed to care for the long-term unemployed, not because their needs are any less, but because their needs should be answered from other sources."

"If changes in this direction do not occur, I am of the opinion that the unemployment insurance system, which started out to assist those with direct attachments to the labor force, will eventually become less of a work-related system and more of an income maintenance or welfare system."

"I do not believe that the workers or employers want that to happen, and, as an administrator of the system, I believe it would be a tragedy."

The taint of welfare

That unemployment compensation may be taking on some of the taint of the welfare system has not gone unnoticed by another state official. John M. Clark, executive director of Pennsylvania's Bureau of Employment Security, told NATION'S BUSINESS:

"It appears that unemployment compensation laws may, in the near future, become the center of controversy as is the present case with welfare laws."

If such a controversy develops, Mr. Clark says, Congress might step in and restructure the basic unemployment compensation system toward some form of jobs program and away from the traditional concept of helping the jobless with cash benefits.

Support from workers?

One state administrator, who asked not to be identified by NATION'S BUSINESS, says the day may come when workers as well as employers will have to support the jobless pay program.

"Not only would this help keep the program solvent, but it might reduce some of the claims, because employees would be helping pay the bill," he asserts.

While a small percentage of abuses has marred the image of the jobless pay system, the system remains basi-

"I would say to employers:
This is your program. You pay for it
directly through payroll taxes.
It can only operate successfully
if you actively cooperate with your
state employment security agency
by reporting abuses...."

Taxes on employers

Employers who lay off large numbers of workers pay more in unemployment compensation taxes than other employers, but the Harvard professor would increase the present

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cally sound, according to Lawrence
O. McCracken, executive director of
the Nevada Employment Security
Department.

"Continued education of the public, especially employers, on their role in the system should assist in minimizing abusive practices," Mr. McCracken notes. "Any employer or citizen has a responsibility to report known abuses to the appropriate government agency. Legislatures must be made aware of the purposes of the program so that legislation will be changed to meet the demands of the changing times."

James N. Phillips, executive director of Maryland's Employment Security Administration, told NATION'S BUSINESS:

"It must be understood that there is no way that enough investigators can ever be hired to police the program totally. If we had an investigator for every claimant, we would have to hire someone to be sure that the investigators were not cheating. The integrity of these programs depends largely on the public concept of morality and the willingness of the public to report people they know are cheating."

1,000 fraud cases

Maryland authorities sought prosecution on more than 1,000 cases of suspected unemployment compensation fraud last year.

Nevada is a no-nonsense state when it comes to handling unemployment insurance cheaters. Although deprived of Social Security records, Nevada has put in a sophisticated computerized system which quickly nips in the bud the vast majority of attempts to defraud the program.

Every business in the state which contributes to the unemployment compensation fund is immediately notified when one of its employees files for benefits. In some cases, even the next-to-last employer is notified. So it is difficult to draw benefits simultaneously and hold down a job in Nevada without being detected. As a result, according to Mr. McCracken, claim abuses have been held to less than one percent.

Nevada also maintains rigid standards for encouraging claimants to seek other jobs. Their eligibility is reviewed weekly. They are interviewed every four or eight weeks, depending on their attachment to the

labor market. Individuals with prolonged unemployment are required to take special counseling to help them get jobs.

As the length of unemployment increases, the kind of work which is considered suitable is broadened so that a claimant cannot turn down a job which does not precisely match his former job. A carpenter, for example, might be asked to take a job as a carpenter's helper. Any person who refuses to accept what is considered "suitable work" can be cut off from benefits for up to 16 weeks.

Delinquent employers

Abuse of the unemployment compensation system is not perpetrated by employees alone. State administrators report some employers are guilty, although their number is minimal. The most frequent complaint against employers is that they fail to report employee wages, for one reason or another.

"Some pay wages in cash and do not report them, thereby attempting to escape paying taxes and permitting claimants to draw benefits while working," John F. Meystrik, director of Missouri's Division of Employment Security, says.

Montana Administrator Barrett explains:

"When an employer tries to avoid paying taxes, it is either done consciously, with the employer knowing that we do not have sufficient resources to audit employer accounts as often as we should, or the evasion is done without full knowledge of the method of taxation, rates of taxes, and the like."

Mr. Crosier, the Massachusetts official, says he has found instances of employers letting workers go for "cause" while in fact releasing them for lack of work. Some cyclical industries in Massachusetts, he reports, have used the jobless pay system to maintain a labor force by spreading available work among as many employees as possible and clearing the way for others to collect unemployment insurance benefits.

High standard of living

Because of the sheer number of people involved, and the vast amounts of money paid out, the relatively few abuses that occur do not constitute a major problem, the administrators claim. They point to

various reasons why people abuse the system.

Ross Morgan, administrator of the Employment Division of the Oregon Department of Human Resources, says:

"These abuses exist for the same reason that all crimes exist. There is a tendency to reason that this is a public service program, that the funds come from some inexhaustible source, and that a little cheating is not really wrong."

Economic conditions account for a lot of the abuse, according to Henry M. Haas, chief of Arizona's Unemployment Insurance Bureau. He explains:

"Claimants have enjoyed a relatively high standard of living, lose their jobs, and go on unemployment insurance. They get another job, but are still in debt. They feel if they stay on unemployment insurance their financial condition will improve."

"Another factor is the current trend to think of unemployment insurance as just another welfare program based on need rather than in its true light as insurance payable to those who have established the necessary wage credits and are out of work through no fault of their own."

Lenient laws

Mr. Haas believes, as do some of his fellow administrators, that state laws are too lenient on abusers and that some federal requirements governing the program are inadequate. He comments:

"State laws should permit prosecution as grand theft in appropriate cases. We need more specific questions on the weekly claim forms. That is: Where did you look for work? Were you self-employed? Were you working on a commission basis? Have you returned to work? If such questions were required by federal regulations, it would be possible to detect and prosecute more abuse cases."

Henry L. McHenry, administrator of the Arkansas Employment Security Division, says he is convinced the greatest deterrent to abuse is "the public knowledge that those attempting to defraud the system will be prosecuted."

The Chamber of Commerce of the United States takes the position that the jobless pay system has generally

How One State Cut Fat From the Jobless Pay Program

Massachusetts reduced its unemployment rolls by 140,000 between October, 1975, and the end of 1976. Yet the state gained only 19,000 new jobs.

The explanation for this offers a good example of what a state can do to trim fat from its jobless pay benefit program.

When Gov. Michael Dukakis took office in January, 1975, the Massachusetts unemployment rate was 11.1 percent. The governor felt that figure was unrealistically high. John Crosier, the state's director of employment security, was asked to investigate.

It turned out that the high unemployment percentage was a myth. Unemployment totals had been inflated because of the ease with which anyone could collect extended jobless benefits.

At Gov. Dukakis's request, the Massachusetts legislature tightened up on the jobless pay program. It had been legal for a worker in Massachusetts who had not been laid

off, but had quit his job voluntarily, to collect unemployment compensation after a waiting period. Many people had been taking jobs, working long enough to qualify for unemployment pay, and then quitting. The legislature made all those who quit their jobs ineligible for benefits.

Meanwhile, Mr. Crosier's department made a strong effort to ensure that all who were collecting unemployment compensation benefits were conscientiously looking for new jobs. Those who were not—many of them were teenagers and women not regularly in the work force—were disqualified.

Disqualifications for jobless benefits increased 200 percent. Before long, the Massachusetts unemployment rate had dropped from 11.1 percent to seven percent.

Says Mr. Crosier:

"There is no question that every state could do a better job of tightening up its benefit payment controls."

well served the needs of both employers and employees. However, the chamber feels that federal and state interference in recent years has saddled the system with a variety of tasks better suited to welfare agencies and agencies for the hard-core unemployed.

If cheaters are to be eliminated from the system, according to most state officials who responded to the NATION'S BUSINESS survey, employers and the general public will have to assert their views more strongly.

"We should remind honest insureds, concerned employers, or public-spirited citizens that they bear a responsibility in maintaining a clean unemployment insurance program," Oregon's Ross Morgan says. "Those who remain silent after observation of evidence of abuse are culpable if the attempt at abuse succeeds. We who administer the program need

every help possible if we are to maintain this program as a service of worth."

"You pay for it"

F. J. Walsh, administrator of Wisconsin's Job Service Division, says: "Greater public, claimant, and employer awareness of the need to report any observed abuse would be a highly desirable step in the right direction."

Manfred Emmrich, chairman of the North Carolina Employment Security Commission, sums up this way:

"I would say to employers: This is your program. You pay for it directly through payroll taxes. It can only operate successfully if you actively cooperate with your state employment security agency by reporting abuses to them so action can be taken." □

6 Ways to Cut the Jobless Taxes You Pay

BY JOHN CARROLL

MANY businesses which once were little concerned about unemployment compensation taxes are now finding them to be a significant profit leak.

These taxes have mushroomed in recent years because of higher benefits, longer periods in which benefits are paid, and increased numbers of claims by jobless workers.

For example, a Middle Western company with 2,500 employees in six states paid about \$75,000 in state employment taxes in 1971. Last year the company paid approximately \$150,000. When federally mandated changes in tax requirements take place next year, the company is expected to be liable for at least \$300,000.

Except for two federal programs limited to certain categories of workers, employers pay the full cost of unemployment compensation in 47 states and almost the full cost in three. States assess unemployment compensation taxes against employers on the basis of how many joblessness claims have been filed against their accounts in the past.

Others pay more

In industries with a high labor turnover, companies which have payrolls comparable in size to that of the Middle Western company will pay more than \$500,000 next year.

Unemployment compensation taxes

cannot be avoided, of course, but if properly managed they can be reduced—sometimes substantially.

Generally speaking, unemployment compensation is supposed to be paid only to those who have lost their jobs through no fault of their own and who are looking for suitable work.

However, many employees claim benefits regardless of the cause of their separation.

It's up to the employer

Since unemployment compensation agencies in many states are too busy sending out benefit checks to adequately enforce regulations, it often is up to the employer—who foots the bill for the benefits—to exercise better control.

Here are six steps the employer can take:

1 Establish responsibility. Over-all responsibility for control of unemployment compensation taxes should, if possible, be vested in one person, department, or outside consulting company with full authority to coordinate and make decisions on unemployment compensation matters.

Many companies now dilute their control by assigning it to all those functional areas involved in unemployment compensation, such as tax, payroll, and personnel departments.

The tax department pays the tax,

but usually has no way of knowing whether rates are correct. Payroll supplies payroll data when required, but normally knows little about the reason for separation. Personnel usually establishes hiring and separation procedures, but has nothing to do with tax rates or other financial aspects of unemployment compensation.

In most cases the critical job of matching claims to charge statements is performed perfunctorily or not at all.

The end result of all this is that responsibility for control usually falls somewhere between the cracks.

2 Emphasize proper hiring procedures. Hiring individuals with unstable employment records invites potential claims. Proper screening and testing are necessary. Good hiring procedures produce low turnover, which in turn produces low tax rates.

Once hired, employees not only should be trained, but periodically counseled and evaluated. If a hiring mistake was made, an early-warning system will reduce your potential tax liability.

Employee turnover also can be minimized by transferring employees to other jobs instead of laying them off, cross-training as many workers as possible, having employees perform needed repair or maintenance work

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Nation's Business

in slack periods, and scheduling production time in order to reduce peaks and valleys.

3 **Develop a claims administration program.** Even with today's high unemployment, most of those filing claims for unemployment compensation have not been laid off because of a lack of work for them to do. Voluntary departures, termination for cause, and other nonlayoff reasons lead the separation list.

It is essential, therefore, that the employer have the capacity to respond accurately and promptly. Response time allowed for answering claim forms varies by state from 24 hours to ten days. Penalties are applied when answers are late. In practice this means someone must search appropriate personnel records in various locations and carefully examine the payroll data. Fourteen states require week-by-week examinations.

For such searches to be productive, each employee's folder should have:

- Original employee hiring or application form.
- Warning or disciplinary action notice (if available).
- Letter of resignation (if available).
- Brief statement of reason for separation.
- Record of payments at separation for unused vacation time, etc.

If someone who files an invalid claim is to be denied benefits and a disqualification achieved, the terminology used must not only be correct, but precise. Facts, not conclusions, must be shown. Comments such as "chronic absenteeism" or "drunkenness" will not do.

4 **Attend hearings.** Employers, as well as claimants, may appeal unemployment compensation decisions made by state referees at hearings, and action, if taken, must be completed within a fixed time period.

If the employer's presentation is to be effective, the former employee's supervisor should be present and, where possible, supported by facts included in the personnel file.

5 **Monitor benefit charges.** Charge statements are summaries of claims made against your account in the state in

which you have payroll. Some states send them daily; others send them weekly, monthly, quarterly—even annually.

Claims should be carefully matched against charges, just as your checks are matched against your bank statement. You should also know how much a claim is worth so that the claimant collects no more than allowed. Unmonitored claims and charges eventually produce higher taxes.

6 **Provide financial management.** Financial or actuarial matters also influence unemployment compensation taxes.

Someone should systematically validate each new rate notice sent by the state. Many employers simply accept the rate and file the notice. While states have procedures to avoid miscalculations, mistakes occur and must be corrected.

Some states provide opportunities for tax reduction. Twenty-five, for example, allow an employer to make an advanced payment called a voluntary contribution. This payment may reduce your next year's liability and, if evaluated properly, can produce an excellent return on your investment.

A dozen states allow separate company accounts to be combined—a procedure which can produce savings, as in the case of averaging the low tax rate of a small subsidiary with the higher rate of a parent company. Among the 12 states, only New York does not stipulate that companies whose accounts are combined must be related.

Other tax reduction avenues include total or partial transfers of company accounts. This occurs whenever a merger, acquisition, or consolidation with another company is made.

A need to know

All in all, then, it can be well worthwhile for an employer to learn more about the unemployment compensation system and company procedures relating to it. Action as a result of this knowledge can result in lower costs and higher profits. □

MR. CARROLL is a vice president of R. E. Harrington, Inc., New York, which provides unemployment compensation cost-control services to businesses throughout the country.

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Telling Students the Truth About Business

A CALIFORNIA UTILITY company has taken positive steps to counteract the sentiments reflected in these statements about business:

"They're producing shoddy products purposely designed to fall apart quickly. Their profits are excessive. Yet, thanks to numerous loopholes written into law by legislators they have bought, they're paying minimal taxes."

"They don't really care about the environment or public safety. It's merely lip service they give. You'd have to be awfully gullible to believe them."

"Big businesses are continually ripping us off."

The antibusiness statements, and others like them, were made to representatives of Southern California Gas Co. who spoke at college gatherings. Company executives agreed that something should be done to change student thinking.

Campus opinion leaders

The big utility company formed an Intercollegiate Advisory Council composed of six students from different college campuses. The students, whom the company hired for two months, were to take a close look at Southern California Gas operations. The company was sure the students would get a new perspective on business.

"We tried to pick campus opinion leaders for the council," says Jon B. Riffel, public relations vice president. "We hoped they would help close the gap that exists between the business and academic communities—a difference of opinion that is due primarily to misinformation and misunderstanding."

"We also hoped the students would be honest with us about what they thought of us, based on their observations. That kind of feedback is invaluable."

The students studied almost every

facet of the company. They interviewed top officials and blue-collar workers. Anything they wanted to see, they saw. Nothing was held back.

Candid reports

Later each student wrote a candid report on what he or she thought of the company. Southern California Gas published what the students had to say in a booklet entitled, "As Others See Us."

Gwen Buford, a mathematics major at Mills College, wrote that she "had many doubts concerning big business" before she got her insight into the utility's operations. She said she felt business was always professing to do more for the public than it actually did.

Her feelings toward business are warmer now. She has found Southern California Gas to be "a good corporation," she wrote. "Its basic concern for its customers, its employees, and

the public at large has been quite remarkable."

Mark Haddad, a history major at Stanford University, did not know what to expect when he accepted the company's offer. He wrote:

"Would its people try to brainwash me or carefully orchestrate my eight-week visit in order to ensure a favorable report from me?"

"To the company's credit, the people I spoke with attempted to be forthright and honest with me, and I never did find even a second-rate scandal in the company's recent history. Instead I found a company which is responsible, enthusiastic, and dedicated to its work."

"Human concern"

Perhaps not unlike a lot of other customers, Whittier College student Lupe Christina Gonzales had judged the company almost entirely by her high gas bills. Miss Gonzales now has a different feeling. She wrote:



Students Mark Haddad (left) and Jonathan Funk (third from left) tour an underground Southern California Gas Co. facility accompanied by company representatives.

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BUILT TO STAY TOUGH

"I understand a lot of the problems that the gas company faces, and I give it a lot of credit for being concerned for the public. I had previously taken it for granted that the gas company was selfish. . . . This is not true. It is a self-sufficient company that has not lost human concern for its customers.

"Let me point out that my negative opinions of the gas company

have changed because of facts, not because I was brainwashed."

Spreading the message

Has the Intercollegiate Advisory Council program aided the company?

"I'm sure of it," says Mr. Riffel. "All these students are now ambassadors of goodwill for us on the campus."

Southern California Gas is ac-

quainting the heads of the nation's thousand largest companies with its experience.

"Our goal is to encourage at least 100 other companies to develop such a program of their own," Mr. Riffel says. "The free enterprise system is a major strength of this nation. All of us in business are going to have to put forth a maximum effort to preserve that system." •

How to Avoid Charges of Job Discrimination

You are the owner of a small company which sells primarily to the construction industry, and you have a job-opening in sales. A woman applies.

Would you: Consider her on the basis of her qualifications? Hire her because she is female in order to satisfy affirmative-action hiring goals? Reject her because the customers wouldn't buy anything from her anyway?

A wrong answer could cost you money. The correct answer is to consider the woman's qualifications. That way you don't run afoul of federal antidiscrimination laws.

No company, large or small, is immune from federal laws banning discrimination because of sex, age, race, religion, national origin, or handicaps. Still, management-level people often are ignorant of what really constitutes illegal discrimination.

Motorola, Inc., which employs thousands of men and women, can't afford to have its managers make mistakes in this area. The company is teaching its managers—through a game—how to avoid actions which could be judged discriminatory.

The game is called, "E. E. O.—It's Your Job." It comes with board, play money, and game cards containing problems such as the one above about the woman job applicant.

Four players each are given \$1 million of company money. Each player is appropriately represented on the board by a white, black, yellow, or brown token. The object is to move



A game invented by Motorola provides the company's management personnel with a fun way to learn the ins and outs of antidiscrimination laws.

quickest around the board, spending as little money as possible by chalking up the fewest charges of discrimination.

Answers to the questions on the cards determine how fast a player moves and how much money is lost.

More than 2,500 Motorola managers already have been introduced to the game. Word of it has gotten around to other companies, and they are buying the game. A kit containing six games, a slide program, and training manuals sells for \$500.

There is a dramatic change in managers who play the game, according to Nancy Breseke, employee relations administrator for Motorola. "They may not do too well the first time around, but then they see the slide presentation highlighting some

of the antidiscrimination laws. When they go back to the board for a second game, they usually score much higher."

Here is another question:

There is going to be a force reduction in your department. You have to choose between a 55-year-old man, whose performance is acceptable, but who has no promotion potential, and an ambitious young woman, whose performance is less than acceptable but can be improved. Both have the same length of service.

Should you lay off the man, try to convince him to take early retirement, or drop the woman?

Correct answer: Drop the woman. When length of service is equal, performance is the advisable basis for this kind of selection. □



A Leading Businesswoman's Perspective on Management

Mrs. Jayne Spain has had a distinguished career in both business and government. Now a Gulf Oil vice president, she has held a major federal post and headed a manufacturing company. In this interview she discusses the outlook for women in business and how business can solve some of its problems with government and the public

JAYNE SPAIN has had a wealth of upper-echelon experience in business and in government, and as a result she has well-informed opinions on the strengths and weaknesses of each.

There is no stronger defender of the private enterprise system. "I know both sides of the socioeconomic street," she says. "I'm a capitalist, and I have studied the ways of socialism. I'll take the private enterprise side every time."

From 1952 to 1966 Mrs. Spain was chief executive officer of Alvey-Ferguson Co., of Cincinnati, an international manufacturer of conveyor and unit handling equipment. When Alvey-Ferguson became a division of Litton Industries, Inc., in 1966, she

headed the division. She is now on Litton's board of directors.

For five years she served as vice chairman of the United States Civil Service Commission in Washington, leaving that post in 1976.

Currently Mrs. Spain is a senior vice president of Gulf Oil Corp., in Pittsburgh. Her department is public affairs, which includes public, financial, and governmental relations.

Considering the size of Gulf—seventh largest corporation in the country—Mrs. Spain is among the most important businesswomen in America.

Throughout her business and governmental career, the petite, blond Mrs. Spain has never failed to take time to help others. She has spent much of her life improving career prospects for women by helping to get women executive positions in business and government and by helping handicapped people, especially the blind and retarded.

Mrs. Spain is a native of Cincinnati, where her husband, John, is a partner in a large law firm. They have two sons, one in the University of Cincinnati Medical School and the other in the Air Force Academy. Mrs. Spain commutes between Pittsburgh and Cincinnati on weekends.

Her busy schedule gives her little time for relaxation, and when she is asked what she does for fun, she replies: "When I get some time for fun someday, I'll let you know then what I will do with it."

In this interview with a NATION'S BUSINESS editor in her Pittsburgh headquarters, she talks about herself; public relations problems of business; relationships between business and government; and the past, present, and future status of women in the business world.

Mrs. Spain, why is private enterprise getting so much criticism today?

There is nothing wrong with private enterprise. Many people simply don't know enough about it to appreciate it. We should stop teaching so much about what may be wrong with capitalism and teach more about

what is wrong with socialism. Private enterprise has given us the highest standard of living in the world, but many Americans don't seem ready enough to acknowledge this.

If private enterprise is bad, why are so many people abroad trying to get out of socialistic countries?

I recently read "The Incredible Bread Machine" [World Research, Inc., Campus Studies Institute Division, San Diego, Calif.]. It was written by six authors, all under 26 years of age. Their bread machine is the American economic system that has produced so much bread for so long

"I thought that people appointed by Presidents run the government. But I discovered that career civil servants run the government."

for America and the world. Their theme is that problems blamed on private enterprise are often the fault of government intervention.

Private enterprise may be facing a fight for its very life. The movement toward socialism began in a walk, then trotted, and now gallops. This is true in many parts of the world.

We need more pro-private enterprise people in Washington. They and others should explain such basics as this: When private enterprise exits and socialism enters, then workers ultimately lose the right to work where they want to work, live where they want to live, and get the kind of education they want. People don't understand that under socialism, government takes away rights of indi-

viduals because government must have controls to maintain itself.

Do you note any new thinking by business in public affairs?

Yes. Public affairs departments are increasingly two-way pipeline operations. The departments put out the word for their companies as well as gather information from the public.

Don't some public affairs departments have a function relating to employees?

That's correct. Gulf has an intra-company program called "The Write to Know." Gulf employees call it "The Jerry and Jimmy Show." Jerry is Jerry McAfee, our chairman, and Jimmy is James E. Lee, our president.

Employees ask questions in writing of these gentlemen and get direct answers from them during videotaped executive conversations. These programs are shown throughout the company.

Gulf has been troubled by charges of illegal lobbying and making pay-offs. How have you handled this public relations problem?

Our board has strengthened audit procedures, created a board committee on business principles, and adopted a statement of business principles binding on all employees. My department has disseminated this statement. All Gulf employees are to demonstrate, through their behavior, that we mean just what we say in this statement.

Gulf has also learned that there is no substitute for eternal vigilance, that no corporation or individual is above the law. Behavior must be such that it is not only within the law, but is so perceived by the public.

How can a company decide which is its first social responsibility?

That's difficult to say, because a large company has many publics and operates in many areas. Companies have employees, stockholders, dis-

tributors, jobbers, and customers. Companies must carry water on both shoulders and on their heads, while walking a tightrope. They must consider what it is they can do best and where they can best do it. They have a prime responsibility to be good corporate citizens in the cities and towns where they operate and where their employees live.

Do you foresee new corporate structures anytime soon?

In past years most people were content with a corporation if it attended to business, paid a dividend, treated its employees well, and grew. Now people have all kinds of things to say to and about corporations—how they should be structured, what they should and should not do, where they should be in business, etc. Witness the large attendance of stockholders at annual meetings and all the questions asked and suggestions given.

Yes, there will eventually be a different company structure, because nothing remains static. The only thing we can predict with certainty is change. I can't predict what the structure will be like, but I can pre-

dict that corporations must be flexible or they will cease to exist.

If the government should now break up the major oil firms, won't other industries face the same possibility?

Yes. Our industry is just the beginning. On the basis of logic, you can't intelligently argue that the oil industry is noncompetitive. But you can argue that there are many other industries which are far more concentrated.

You ran your own company for many years. Do you miss being the boss?

I never thought of myself as the boss. I hope that people thought they worked with me, not for me. I liked it at Alvey-Ferguson. I like it here at Gulf, where I have an enormous challenge and a great opportunity.

Are you pleased to be out of government and back in private enterprise?

I enjoyed my vice chairmanship at the Civil Service Commission, and I learned a lot about government when I was in Washington. But I am pleased to be back in private enter-

prise, which is part of my bloodstream.

Do you miss Washington?

Yes and no. Washington is a beautiful city, and it is exciting being where big decisions are made. Every American should spend time in Washington learning the strengths and weaknesses of our system.

Then again, I am glad to be back here in the heartland, traveling and talking to people through the country, people who still have their perspective and know that Washington, D. C., is not the center of the universe around which all else revolves.

What did you learn working in government that is of use in private enterprise?

I went to Washington knowing nothing from nothing about how the government worked except what I read in textbooks. I thought that people appointed by Presidents run the government. But I discovered that career civil servants run the government.

So now I know that business people going to Washington for whatever reason had better get acquainted with these civil servants—know them and understand how they work and reach decisions.

Business people should give civil servants the technical input that they need to draft laws and regulations. I have found that if a business executive goes to Washington and says to a civil servant, "Look, friend, I will be happy to give you all the technical information you need for drafting a bill or a regulation," the civil servant will accept the offer and accept the business person. This helps establish a climate of mutual respect and trust and helps overcome the feeling that business and government are adversaries.

Remember, these civil servants are permanent, while the average tenure of a presidentially appointed assistant secretary is only 19 months.

Another point: Business people should not confine trips to Washington to occasions when they are against something. They should also go to help support projects.

What did you take to government that you learned in private enterprise?

In running my own company, I

Jayne Spain is in charge of Gulf Oil's public affairs department, which handles public, financial, and government relations for the giant corporation.

The department also has an important employee relations function. Mrs. Spain finds that frequent meetings with members of her staff are necessary.



learned that efficiency and economy were necessary, that I had to account for my actions, that red tape was no good, and that decisions cannot be made in committees, but must be made by the chief executive officer.

I hope I got some of this across when I was with the Civil Service Commission because some of this knowledge is not found in abundance in government ranks.

And I hope I took the word to Washington that business and government are not adversaries.

Are management skills different in government than in private enterprise?

Management is management. However, management skills often may be more difficult to apply in government because you have to consult with so many different groups—Congress and all sorts of departments and agencies, unions, and the public. Also, in government, decisions must be cleared by many before actions are taken, which is a long and cumbersome process.

You are an expert on employment of women. What do you foresee in this area?

Look back a bit. I went on the Litton Industries board of directors in 1970, and I was among the first two women ever to sit on such a large company's board. Today there is hardly a company among the largest 100 or 200 that does not have a woman on the board.

Now I have a senior management position here at Gulf. Gulf is the only corporation among the seven largest in the country with a woman ranked this high.

What I am getting around to is that in a short time women in senior management positions will be as commonplace in the largest corporations as women now are on big companies' boards.

Make no mistake. Women are climbing the ladder. The emphasis now in business is less on what and who you are and more on what you can do.

How can a company spot women employees who are promotable?

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the promising male who might suffer from reverse discrimination.

Do you believe in quotas for hiring women?

I don't believe in quotas for any group. Hire on the basis of ability.

If you put a person into a job because of sex or race, and that person cannot do the job, then you do that person a disservice. You also do others a disservice. Co-workers must take up the slack for the person who can't do the job. And if someone who fails to do the job is promoted over your head, how are you going to feel? Your morale is shattered. So is the morale in your department. No one has profited.

Within the federal government, of course, quotas are illegal. You cannot have a merit system and quotas at the same time.

However, government departments do have goals for women and members of minorities to be hired. If few women are employed, you establish a goal for finding qualified women and you work them in, for they can compete on an equal basis if given the opportunity.

This is very different from quotas. With goals, we are hiring strictly on ability.

Women now make up 20 to 25 percent of the enrollments of graduate business schools. Is this enough?

I would like to see the percentage higher. Soon it will be. Four or five years ago the percentage was ten.

What should young women specialize in these days?

They should ask for advice as to what kinds of expertise will be in demand five to ten years hence. Right now the engineering field, many fields in the sciences, and the accounting field are wide open for women. We have an oversupply of women librarians, teachers in primary schools, and holders of liberal arts degrees in general.

What are the biggest problems facing women in business today?

They don't aim high enough, maybe because they have been brainwashed to consider themselves as belonging in supportive roles. Why should an employer promote a young woman who doesn't believe fully in herself?

Also, though we are past the period of blatant discrimination, there are millions of examples of subtle discrimination. It will take time to fully alter all men's attitudes.

In 20 years we will look back and laugh at this period because by then,



"Make no mistake. Women are climbing the ladder. The emphasis now in business is less on what and who you are and more on what you can do."

I hope, there will be no discrimination, big or little.

Can women do some things better than men?

In brainpower, the two sexes are equal. That's provable. But women can do certain precision work involving intricate finger movements better than men. They have smaller hands; that's why. Men, of course, can do jobs requiring strength much better than women.

I don't agree that all women are more patient than men, and I don't think all women are more compassionate. You can't generalize.

Actually, women don't do a lot of things better than men—or vice versa.

While I might not understand why

some women want to do the things they do—i.e., be steel construction workers, tugboat captains, police-women, special agents, etc.—I firmly believe women should have the right to do anything they choose so long as they have the training and ability.

You have a male secretary. Why?

Forty or so years ago Gulf did not hire women. All secretaries, clerks, and stenographers were men. Gulf still has a few very expert male executive secretaries. My own secretary, Russell Coe, has been with Gulf for 43 years and is a terrific secretary. He knows Gulf thoroughly; he is very skilled, very professional, and excellent at helping to educate me in the oil business.

Is it true that men adopt careers while women take jobs?

Unfortunately yes, at least in some cases. Many a woman whose career is marriage is working nowadays. The husband is married, too, but his career is not marriage. Some employment officers still ask women job applicants if they plan to have children and how many. No one would ever think of asking a man if he intended having children.

With more women working, will the birthrate continue to drop?

The birthrate will decline whether or not more women work, but the trend will accelerate because of women taking jobs.

The average U. S. family will end up being no more than four people.

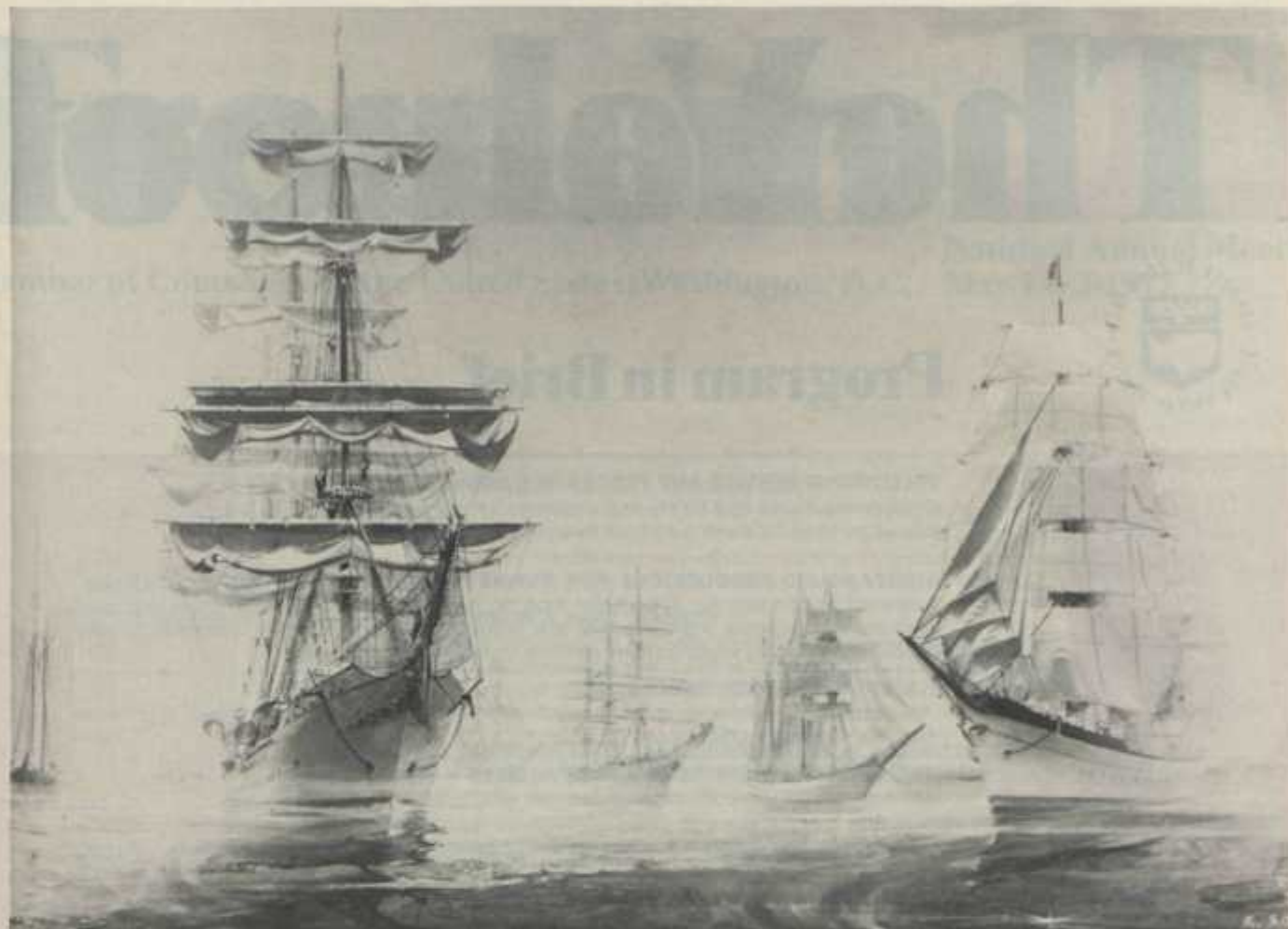
Incidentally, out of an adult female population of about 80 million, there are about 35 million women in the work force. These do not include women who work one day or so a week.

Would you prefer to be called a lady or a woman?

A woman should be proud she is a woman and should look like a woman. I feel she should always act like a lady and be proud to be called a lady. At the same time, in today's climate she must be prepared to work like a dog because she is going to have to be better to be considered equal. □

REPRINTS of this article are available from *Nation's Business*. See page 62 for details.

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Two years in the painting and meticulously accurate in nautical detail, this high fidelity lithograph will delight all those who admire fine art. Painted by the renowned marine artist, Kipp Soldwedel (Tall Ships Artist of Record), this official commemorative print is reproduced in magnificent color, 21 x 28 inches.

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will enjoy these beautiful ships in their homes."

Mrs. M. B. Flournoy, New York, N.Y.

"Those who thrilled at the sight of the soaring masts and graceful hulls in July will recapture that thrill when they see the clean lines of Kipp Soldwedel's paintings. His works... carry the fresh, salty tang of ocean air wherever they go."

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The Value of



Program in Brief

SUNDAY
May 1

FELLOWSHIP SERVICE AND FEDERATION BRUNCH

Outstanding music and timely and inspiring message with a salute to the Federation . . . topped by food, fellowship and fun over an elegant buffet brunch.

SIGHT/SOUND PRODUCTIONS FOR BUSINESS AND ORGANIZATION EXECUTIVES

A special opportunity for a firsthand look at impressive audio-visual productions, publications and program materials that are available from the National Chamber to help executives and their organizations achieve increased effectiveness.

NATIONAL CHAMBER RECEPTION

An occasion to exchange greetings with old and new friends, Washington dignitaries, National Chamber officers and directors.

MONDAY
May 2

THE VOICE OF BUSINESS IN A FREE SOCIETY

First
General
Session

An inspirational program highlighting the vital role the business community must play to insure that its voice is heard throughout the nation, and is heeded in councils of government. The program will show how American business can maximize its influence on national policy in an increasingly complex political environment and in a social environment that is often critical of business.

FREEDOM OF CHOICE: THE ENTERPRISE ECONOMY

Luncheon

The performance of the U.S. economy and, indeed, its future will be significantly affected by decisions of the Carter administration and the 95th Congress on jobs, capital formation, inflation, monetary and fiscal policy. Key government and private sector leaders will probe these issues and explore the short-range and long-range consequences for the business community and our economic system.

GETTING THE COMPETITIVE EDGE IN DEALING WITH GOVERNMENT (PART I)

Afternoon
Sessions

Three simultaneous "how to" sessions providing practical and helpful advice and information for business people and organization executives on ways to deal more effectively with federal government agencies, regulations and paperwork.

1. INTERNAL REVENUE SERVICE. A down-to-earth workshop featuring facts and advice on the "do's and don'ts, can's and can'ts" of business and organization relations with the Internal Revenue Service.

2. EEOC. This program is designed to help both small and large business cope with the realities of equal employment requirements, and avoid ill-considered actions that could lead to civil or criminal penalties.

3. PUBLIC EMPLOYEE UNIONIZATION. The cost of government at all levels is escalating and business savvy is needed on the management side of the table in public employee bargaining. This session will provide practical information on steps that business can take to strengthen public officials and help communities deal with organized labor's encroachments on our democratic process.

EVENING

STATE CONGRESSIONAL DINNERS AND RECEPTIONS

For detailed information write to the National Chamber. Ticket prices arranged by State Chambers and Associations.

Freedom



Chamber of Commerce of the United States, Washington, D.C. **National Annual Meeting**
May 1-2-3-1977

TUESDAY
May 3

Breakfast	ENERGY: CHALLENGE TO A FREE SOCIETY Shortages of energy; increasing costs of energy are creating pressures for more government intervention and control when more reliance on a free market in a free society is the answer. This session will offer a realistic series of actions needed to deal with energy issues and outline policies likely to be implemented by the Carter administration.
Second General Session	REGULATION IN A FREE SOCIETY This session will examine critically the role of government regulation in a free society—the dangers of over-regulation, and what must be done to return to a balance between the regulated and the regulators if a free society is to be maintained. It will describe the new administration's plans to deal with government regulation.
Luncheon	THE VALUE OF FREEDOM: NEW DIMENSIONS IN AMERICAN FOREIGN POLICY Important developments on the international scene are posing significant questions relating to trade, detente with the Soviet Union, conditions in the Middle East, defense and other international issues. Key government and private sector leaders will discuss policies that should prevail in American international relations in the years ahead if the United States is to preserve its security and leadership role.
Afternoon Sessions	GETTING THE COMPETITIVE EDGE IN DEALING WITH GOVERNMENT (PART II) Three simultaneous "how to" sessions providing practical and helpful advice and information for business people and organization executives on ways to deal more effectively with federal government agencies, regulations and paperwork. 1. OSHA. This program is designed to help business people who are trying to cope with inspections, regulations and decisions of the Occupational Safety and Health Administration. Practical advice on what to say, how to say it, and what to do. 2. ENVIRONMENTAL PROTECTION AGENCY. The EPA has become a major force affecting costs to business and consumers. This session will alert business people to the range of regulatory impacts, and will offer guidance on ways to penetrate the administrative web and resolve problems. 3. PRODUCT LIABILITY. The recent and growing wave of huge court settlements and awards in product liability cases is posing serious problems of cost and availability of insurance, and is raising key questions on the fairness and adequacy of the laws of our 50 states. This session will identify courses of action that business people and their organizations can pursue to obtain relief and achieve an equitable, new legal climate in which to do business.
EVENING	65TH ANNUAL DINNER OF THE CHAMBER OF COMMERCE OF THE UNITED STATES The premier festive event of our 65th year, introducing the new Chairman of the Board, Officers and Directors of the National Chamber, plus honored guests, and featuring outstanding entertainment. At the conclusion of the entertainment program, there will be an open cash bar and dancing.

For complete program-in-brief plus hotel and reservation order form for the 65th Annual Meeting, contact:

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BUSINESS: A LOOK AHEAD

Small Business Committee Survives Senate Shakeup

Small business has kept its clout in the Senate in the first major reorganization of the Senate committee system in 30 years.

The Small Business Committee was to have been merged with Agriculture and Forestry as part of a proposed reduction in the number of committees from 31 to 15. However, the business panel maintained its identity when the Senate voted to cut the number to 25, not 15.

Organized labor, which lobbied to keep the Post Office and Civil Service Committee intact, was bitterly disappointed when that committee was abolished. The panel's functions are now included in the activities of the Government Operations Committee. Also abolished were the District of Columbia Committee, the Aeronautical and Space Sciences Committee, and joint committees on atomic energy, congressional operations, and defense production.

Other changes involve expansion and renaming of existing panels. The new Energy and Natural Resources Committee includes the old Interior and Insular Affairs Committee and centralizes handling of energy matters, which had been dealt with by several other committees.

Similarly, a new Environment and Public Works Committee includes the old Public Works Committee and consolidates the handling of environmental matters.

The Labor and Public Welfare Committee has been renamed the Human Resources Committee. And the Commerce Committee is now the Commerce, Science, and Transportation Committee.

Americans Still on the Move

Although millions of Americans are still moving each year, the national wanderlust seems to have cooled in the 12 months that ended last March.

During that period, according to the Census Bureau, a total of 36.7 million Americans one year

and older changed residences. This represented 17.7 percent of the nation's population. By comparison, 19.1 percent moved annually during 1968-71—the last previous period for which the Census Bureau compiled such figures—and 20.1 percent during 1958-61.

Since the most recent government statistics were tabulated, moving seems to have gone on the upswing again. The American Movers Conference says professional movers report their business has been up five to ten percent in recent months.

Unions Seek Major Changes in Labor Relations Act

Big labor is trying to cash in its election IOU's from the Carter administration and members of Congress by obtaining aid for passage of a bill that would make major pro-union changes in the National Labor Relations Act.

For years the AFL-CIO has lobbied for labor law revisions that ostensibly would speed up the pace of NLRB action. Effective management changes made by Chairman Betty Southard Murphy have not placated union leaders. So Rep. Frank Thompson, Jr. (D.-N. J.), chairman of a House labor-management subcommittee, has reintroduced a measure now dubbed the Labor Reform Act of 1977 (H. R. 77).

Many parts of the bill are highly unpalatable to business and certain to prompt strong resistance.

For example, decisions by NLRB administrative law judges—who essentially are hearing examiners—can now be appealed to the board itself. The Thompson bill would permit these law judges to make final decisions, and NLRB would hear only those appeals it wants to hear.

Also, the bill would require union certification elections to be held within 45 days of the filing of a petition by a union—there is no such time limit now—and would grant certification without an election if the union can show that 55 percent or more of the employees involved are members of the union and want representation.

Special Court Proposed for Small Business

A new type of federal court has been proposed for small business. The aim is to simplify the contesting of federal government citations and fines which cost a business \$2,500 or less.

Sen. Charles McC. Mathias, Jr. (R.-Md.) has introduced a bill (S. 49) which would establish a Small Business Administrative Review Court patterned after a special division set up by the U.S. Tax Court for cases involving penalties up to \$1,500.

The Tax Court division has commissioners, called special trial judges, who go into every judicial district, holding court in 105 cities annually. Their decisions are not appealable to any U.S. court. Decisions of the court proposed by Sen. Mathias would similarly be binding.

Panel Sees No Shortages of Industrial Materials

The industrial materials crisis of 1973-74 seemed real enough at the time, a bipartisan National Commission on Supplies and Shortages says, but it really was artificial.

After a long investigation, the commission says that shortages then were due to stockpiling brought on by doomsday predictions.

The commission also says there is no reason to expect significant shortages of industrial materials in the next 25 years, unless more doomsday predictions are made and believed.

A report from the commission says:

"If there are predictions that we are about to run out of resources, and if responsible government officials lend credibility to such talk, it is only natural for businessmen to be apprehensive. . . . They are bound to take steps to protect themselves, thereby producing a classic run on the bank."

Government Ruling Would Help Pension Programs

Small firms that want to establish pension and other employee benefit programs will still be able to get free expert advice on how to set up the programs, if a proposed administrative ruling goes into effect.

Traditionally, insurance agents and brokers, pension consultants, and mutual-fund principal underwriters have helped small firms in the packaging of their programs. There has been no charge for the advisory services, but the advisers have gotten fees and commissions for selling insurance and investments to the programs.

However, the Employee Retirement Income Security Act, which was signed in 1975, prohibits such

relationships after June 30, 1977, unless the Labor Department and the Treasury decide that the transactions are not harmful to the benefit plans.

The two departments have come to the conclusion that advisers should be permitted to compete with others for a benefit program's insurance and investment business. The departments have been obtaining public reaction to this decision.

There have been widespread complaints that if ERISA is not changed in this way, many small firms simply would not start pension plans because start-up advisory services would be too costly.

U. S. Lead in Productivity Is Being Whittled Away

While the U.S. still leads the world in worker productivity, other major industrial nations are closing the gap.

The National Center for Productivity and Quality of Working Life reports Canadian workers were 81 percent as productive as Americans in 1950 and 92 percent as productive in 1975. French worker productivity rose from 43 percent to 81 percent in the same period; West German, from 36 percent to 74 percent; Japanese, from 16 percent to 61 percent; Italian, from 26 percent to 55 percent; and British, from 50 percent to 54 percent.

Output per employee in manufacturing increased less rapidly in the U.S. than in other nations over the 1966-1975 period. The U.S. increase averaged two percent annually, the center says. By comparison, there was a nine percent annual increase in Japan, 5.8 percent in Italy, 5.3 percent in West Germany, 4.9 percent in France, 3.9 percent in Canada, and 3.3 percent in Britain.

An important factor underlying the comparative changes in productivity is investment, the center says. From 1960 to 1975 the U.S. invested 14.8 percent of gross domestic product annually in new plant and equipment. During the same period Japan invested 28.8 percent annually; West Germany, 21.8 percent; and France, 19.5 percent.

Federal Rule-Makers Challenged

Rules issued by federal agencies and regulatory bodies are automatically considered valid by the courts until challenged by taxpayers who have to spend their own money to prove the rules unlawful.

Sen. Dale Bumpers (D.-Ark.) wants to change that. A bill he has introduced would prevent the courts from rigidly following this doctrine of administrative law.

The senator contends the burden of proof should be on the federal agency instead of on business and the private citizen.

EDITORIAL

What a Stronger Voice of Business Is Doing for You in Washington

THE BUSINESS COMMUNITY'S NEED for accurate intelligence and effective action in Washington has never been greater.

The pace of events in the nation's capital accelerates under the combined pressures of a new administration, a new Congress, a new energy crisis, new controversy over economic policy, and new regulatory schemes.

Understandably, the business community is more concerned than ever about the expanding federal role in the private sector and the threat of even more federal intervention.

However, the individual business lacks the resources needed to defend and advance its interests in Washington.

Such resources must include an experienced corps of highly skilled specialists working under leadership that is in tune with the needs of business throughout the country.

Business and professional people recognize in



growing numbers that collective action is the most effective force in Washington.

As a result, the membership of the most representative of the business organizations in the capital, the Chamber of Commerce of the United States, is growing rapidly.

That growth is both a tribute to the effectiveness of the National Chamber and a measure of the increasing emphasis business people are placing on having a strong business presence in Washington.

The story that starts on page 20 about the activities and growth of the National Chamber is thus the story of what business can do and is doing to keep our competitive enterprise system alive and healthy.

That story is important to everyone concerned about the private sector and what the private sector can do to advance the standard of living for all Americans. □

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